SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

We have included summaries for the countries listed below, please click on the country name should you wish to navigate to it directly:

- Botswana
- Egypt
- Ghana
- Kenya
- Malawi
- Mauritius
- Nigeria
- Tanzania
- Zambia
- Zimbabwe

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	2-Oct-15	9-Oct-15	WTD % Change Local	WTD % Change USD	31-Dec-14	YTD % Change Local	YTD % Change USD
Botswana	DCI	10626.12	10584.86	-0.39%	1.23%	9,501.60	11.40%	2.44%
Egypt	CASE 30	7310.71	7491.67	2.48%	2.47%	8,942.65	-16.23%	-23.50%
Ghana	GSE Comp Index	1999.92	1984.11	-0.79%	-1.16%	2,287.32	-13.26%	-26.50%
Ivory Coast	BRVM Composite	303.62	301.99	-0.54%	0.37%	258.08	17.01%	8.43%
Kenya	NSE 20	4109.60	4017.34	-2.24%	-1.00%	5,112.65	-21.42%	-31.02%
Malawi	Malawi All Share	15819.98	15344.02	-3.01%	-2.70%	14,886.12	3.08%	-13.28%
Mauritius	SEMDEX	1915.30	1896.93	-0.96%	-0.48%	2,073.72	-8.53%	-18.80%
	SEM 10	366.63	362.48	-1.13%	-0.66%	385.80	-6.04%	-16.60%
Namibia	Overall Index	979.59	1051.29	7.32%	10.34%	1,098.03	-4.26%	-17.37%
Nigeria	Nigeria All Share	30588.41	30165.22	-1.38%	-1.84%	34,657.15	-12.96%	-20.26%
Swaziland	All Share	309.25	311.24	0.64%	3.48%	298.10	4.41%	-9.90%
Tanzania	TSI	4623.23	4592.45	-0.67%	-1.03%	4,527.61	1.43%	-18.89%
Tunisia	TunIndex	5240.05	5208.72	-0.60%	-0.18%	5,089.77	2.34%	-2.77%
Zambia	LUSE All Share	5800.70	5796.72	-0.07%	-0.42%	6,160.66	-5.91%	-49.80%
Zimbabwe	Industrial Index	131.45	131.45	0.00%	0.00%	162.79	-19.25%	-19.25%
	Mining Index	23.97	23.57	-1.67%	-1.67%	71.71	-67.13%	-67.13%

CURRENCIES

Currency	2-Oct-15 Close	9-Oct-15 Close	WTD % Change	YTD % Change
BWP	10.41	10.24	-1.59	10.51
EGP	7.81	7.81	0.00	9.51
GHS	3.74	3.75	0.37	17.58
CFA	587.70	582.37	-0.91	8.91
KES	102.72	101.43	-1.26	15.36
MWK	552.16	550.40	-0.32	19.24
MUR	34.44	34.28	-0.48	13.20
NAD	13.82	13.44	-2.74	19.14
NGN	196.62	197.55	0.47	8.64
SZL	13.82	13.44	-2.74	19.14
TZS	2,119.51	2,127.24	0.36	24.61
TND	1.96	1.96	-0.42	5.70
ZMW	11.86	11.90	0.36	86.77

SECURITIES AFRICA

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Botswana

Corporate News

No Corporate News This Week

Economic News

Botswana's mining production index fell to 98.5 in the second quarter of 2015, a year-on-year contraction of 7.6 percent, triggered by a slowdown in the diamond and copper mining sectors, its statistics office said on Wednesday. Diamond production, exports of which contribute 30 percent to the GDP of the southern African nation, decreased by 5.4 percent in the second quarter of 2015 compared to a 1.5 percent contraction in the same period in 2014. "This decline is mainly attributable to the weakening demand for diamonds in the global market," Statistics Botswana said in a statement. Copper production decreased by 69.7 percent year-on-year, the agency said. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

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TRADING

Egypt

Corporate News

Orascom Telecom Media and Technology and Act Financial are seeking to acquire 100 percent of Egypt-based financial services company Beltone Financial, Orascom Telecom said in a statement to the Egyptian bourse on Thursday. The value of the transaction is estimated at 650 million Egyptian pounds ($83 million), with Orascom Telecom's share put at 87 percent and Act Financial's at 13 percent, the statement said. Beltone Financial stock was up roughly 20 percent and Orascom Telecom up 10 percent as of 0850 GMT. Orascom Telecom and Act Financial have two weeks to submit an official offer and due diligence will begin this Sunday, Beltone Financial said in a statement. The transaction is expected to be completed during the fourth quarter of 2015, Orascom Telecom said. Orascom Telcom is a holding company with investments in media and technology, cable businesses, and more recently energy, transport and logisitics. Act, founded earlier this year, is an investment bank specialising in securities brokerage, asset management and investment. *(Reuters)*

Economic News

Egypt has awarded four new licences to explore for oil and gas off its Mediterranean coast, weeks after ENI's giant Zohr gas find piqued fresh international interest in the area. Egypt's state gas company EGAS said in a statement it had awarded one licence to Britain's BP and one to Italy's Edison. A consortium involving BP and ENI's Egyptian subsidiary had also picked up a bloc as had another consortium involving ENI, BP and France's Total. ENI announced in late August that it had discovered the largest known gas field in the Mediterranean off the Egyptian coast, predicting that the find could help meet the country's energy needs for decades to come. *(Reuters)*

Business activity in Egypt expanded for the second consecutive month in September, although the pace of gains in output and new orders slowed, a survey showed on Monday. Egypt's economy is still struggling since a popular uprising ousted autocrat Hosni Mubarak in 2011 and was followed by political instability that kept foreign investors and tourists away. In a survey, the Emirates NBD Egypt Purchasing Managers Index (PMI) for the non-oil private sector fell to 50.2 points in September, from an eight-month high of 51.2 in August, but stayed above the 50-point mark that indicates growth in activity. The index was below 50 points for the first five months of 2015. "Given ongoing weakness in the export sector, it is encouraging that the overall PMI index continued to show an expansion in private sector activity," said Jean-Paul Pigat, senior economist at Emirates NBD. "While the pace of growth is moderate, the survey nevertheless points to a slight improvement in domestic demand in the first quarter of Egypt's fiscal year FY2015/16. The challenge will be to maintain this momentum through the remainder of the year." The PMI's output sub-index eased to 51.5 points in September from 52.8 points in the previous month, and only one-in-five panellists reported improved activity due to stronger demand.

The new orders index slipped to 50.5 points, from August's 52 points, while the new export orders index shrank for the third consecutive month, to 47.8 points from 49.2 points a month earlier. The employment index for the non-oil private sector fell to its lowest level in five months at 48.7 points, from 49.3 points in August. President Abdel Fattah al-Sisi has pledged to reduce the jobless rate to 10 percent over the next five years. Unemployment stood at 12.8 percent during the first three months of 2015 according to the government's statistics agency, but analysts believe actual unemployment may be higher. The index of output prices fell to 49.5 points from 50.2 points in August. Egypt's urban consumer inflation has slowed, to 7.9 percent in August from 8.4 percent in July, official data showed in early September. *(Egypt.com)*

Egypt saw 6.6 millsion tourists in the first eight months of 2015, a five percent increase from the same period last year,minister of tourism Hisham Zaazou announced on Sunday. Tourism revenues were raised by 2 percent during that time, compared to the first eight months of 2014, reaching a total of $4.5 billion, the minister said at a press conference. Egypt's tourism industry, a vital source of foreign currency income, has been battered by political turmoil following the country's 2011 uprising which toppled autocrat Hosni Mubarak.

The industry felt another round of shockwaves after Egyptian army helicopters mistakenly killed eight Mexican tourists and four Egyptians members of their convoy, who had stopped for a picnic in Egypt's Western Desert, where the army said it had been pursuing militants. After the incident, Zaazou told Reuters that he expects around 10 million tourists to visit Egypt by the end of the calendar year. The minister urged Egyptians to promote Egypt as a tourist destination on social media sites, using the hashtag #ThisIsEgypt. *(Egypt.com)*

Egypt's annual urban consumer inflation increased to 9.2 percent in September from 7.9 percent in August, the official statistics agency CAPMAS said on Thursday. Inflation soared in Egypt after the government slashed energy subsidies in July 2014. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

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Ghana

Corporate News

Airtel Ghana, the most loved brand in the daily lives of Ghanaians has chalked another phenomenal achievement by recording over 4 million subscribers in the latest Telecom voice and data subscription trend report released by the National Communications Authority (NCA). The report shows a consistent growth in the subscriber base of the Changemaker company over the first 6 months of the year moving from a voice subscriber base of 3.75 million in January to 4.11 million as at June 2015 – adding more than 360,000 new subscribers to the network which clearly makes Airtel the network with the highest percentage growth (8.77%) and the fastest growing network over the 6 months period. Commenting on this phenomenal growth, Lucy Quist, Managing Director of Airtel Ghana said, "This is truly a remarkable achievement and we are excited about this performance. We have been leading the industry in product, service and digital innovation that clearly differentiates us from the competition and positions Airtel as the network of choice for the Ghanaian public. These latest results from the NCA validate our position as the most loved brand in the daily lives of Ghanaians". She continued, "I want to take this opportunity to thank every single one of our over 4 million customers who interact with our brand every day and to invite those yet to experience our superior product and services to join us. "You now have over 4 million reasons to be on the Smartphone network. Make your change now".

Airtel Ghana's growth on data was unmatched with additions of over 330,000 translating to 13.3% growth over the 6 months period and the highest percentage growth in the industry. Lucy Quist attributes this to Airtel's "superior network and data quality, coverage and competitive pricing which is unparalleled in the Ghanaian market". "We have led breakthrough innovations in the digital space, providing customers with offerings such as free Facebook, value added services such as roll over data bundles, browse chaw bundles with 2X and the dual scratch card, which enables consumers to load either voice or data directly. These are the reasons why customers continue to choose us first for voice, data and business solutions". Airtel Ghana has been a trailblazer since its entry into the Telecommunication industry. The Telecom giant was the first to launch a 3G network in 2008 and upgraded to 3.75G in 2012 to give customers a remarkable experience on their network. Airtel continues to innovate at scale to provide cutting edge solutions to meet customer needs. As the second largest operator in the country in terms of network coverage, Airtel Ghana recently announced an increase in its data network speeds from 21.6mbps to 42mbps, making it the fastest and the first network operator to undertake this upgrade.

Bharti Airtel Limited is a leading global telecommunications company with operations in 20 countries across Asia and Africa. Headquartered in New Delhi, India, the company ranks amongst the top 3 mobile service providers globally in terms of subscribers. In India, the company's product offerings include 2G, 3G and 4G wireless services, mobile commerce, fixed line services, high speed DSL broadband, IPTV, DTH, enterprise services including national & international long distance services to carriers. In the rest of the geographies, it offers 2G, 3G and 4G wireless services and mobile commerce. Bharti Airtel had over 335 million customers across its operations at the end of August 2015. Airtel is driven by the vision of providing affordable and innovative mobile services to all. Airtel has 17 operations in Africa: Burkina Faso, Chad, Democratic Republic of the Congo, and Republic of the Congo, Gabon, Ghana, Kenya, Malawi, Madagascar, Niger, Nigeria, Rwanda, Seychelles, Sierra Leone, Tanzania, Uganda and Zambia. Airtel International is a Bharti Airtel company. For more information, please visit www.airtel.com, or 'like' the Airtel Ghana Facebook page via www.facebook.com/airtelgh or follow us on Twitter via the handle @airtelghana. *(Ghana Web)*

Economic News

Ghana is seeking bids for $1.5 billion of Eurobonds at lower yields than it received during investor meetings last month, according to a person familiar with the government's plans. The government is getting offers just below 10 percent, said the person, who asked not to be named because market rules ban discussion of offers. Ghana would view yields of 8.5 percent to 9 percent as respectable, the person said.

The cedi gained as much as 0.8 percent after the news, erasing losses for the day. The world's second-largest producer of cocoa is facing challenging conditions in debt markets because of the economic slowdown in China, its largest trade partner, and the possibility the U.S. Federal Reserve may raise rates as soon as this month, reducing demand for riskier assets, the person said. The government turned to the International Monetary Fund for an almost $1 billion three-year loan this year to help narrow a funding gap amid the slowest economic growth in 20 years. "The news triggered release of dollars onto the market by people who were holding on to it," Michael Otu Fiaw, research analyst at Accra-based NDK Asset Management, said by phone on Monday. "The news tells you that the cedi is going to gain in coming days because of the expected inflows from the Eurobond." The cedi gained 0.6 percent to 3.708 per dollar at 5:10 p.m. in Accra. The yield on Ghana's $1 billion Eurobond due in August 2023 has risen 192 basis points, or 1.92 percentage point, this year to 11.1 percent. The currency has dropped 14 percent against the dollar during the same period amid lower oil prices, the worst cocoa crop in five years and inflation near 17 percent. "It's quite remarkable that a vulnerable frontier market like Ghana is even contemplating launching a Eurobond in the current conditions," Nicholas Spiro, managing director of Spiro Sovereign Strategy in London, said by phone on Monday. " If it gets to launch a Eurobond then it's gonna have to pay up."*(Bloomberg)*

Ghana sold $1 billion of 15-year Eurobonds at a higher yield than the government had sought during a roadshow last month. The bonds are priced at 10.75 percent, according to a person familiar with the matter who isn't authorized to speak publicly and asked not to be identified. About 40 percent is guaranteed by the International Development Association, a member of the World Bank Group. The debt matures in October 2030 and has three equal redemption payments in October 2028, October 2029 and October 2030. The government continued to receive bids for as much as $1.5 billion of Eurobonds after a roadshow in September ended without the sale of the debt. The government was seeking bids for bonds with yields of 8.5 percent to 9 percent for 10-year debt, according to a person familiar with the government's plans. The yield on Ghana's $1 billion Eurobond due in August 2023 rose 12 basis points to 10.84 percent on Wednesday. *(Reuters)*

Ghana paid more than it wanted for its latest Eurobond, accepting a coupon rate of 10.75 percent for $1 billion because it had few alternatives to finance the rolling over of other loans, investors and economists said on Thursday. In the short term, the launch will boost the cedi currency and relieve pressure on a 1.5 billion cedi ($390 million) 3-year domestic infrastructure bond that matures this month but it will also will narrow the government's financial options. "This yield is really high. It's going to have some significant pressure on repayment commitments," said Sampson Akligoh, managing director of Ghana-based Investcorp investment bank. Wednesday's Eurobond was issued at a difficult time for a country that for years was one of Africa's fastest-growing economies but which has seen growth slow sharply since 2013 due to falling prices for exports of gold, cocoa and oil. President John Mahama faces a stiff challenge from opposition leader Nana Akufo-Addo in an election due in a year, especially since he needs to keep a lid on spending under an IMF rescue package meant to stabilise the economy. Investors said the government initially did not want to pay more than 9.5 percent on a $1.5 billion Eurobond but was forced to go higher because of concerns about the Chinese economy and a possible U.S. rate rise, factors that have hit emerging markets.

Eurobonds issued by other African commodity exporters have sold off sharply recently as commodity prices have fallen. Angola last month cancelled its plans for a $1.5 billion Eurobond. "Failure to issue would have raised some concerns about how Ghana was going to balance its books this year," said Carmen Altenkirch, a director in Fitch Ratings sovereign group. "Extremely high funding costs and a cut in the issue's size highlights just how difficult it can get for fiscally-troubled emerging markets to raise dollars at the moment," she added. Finance Minister Seth Terkper defended the issue and said a World Bank bond guarantee of $400 million had enabled Ghana to borrow "on reasonable terms in a rather difficult market." He also pointed to the October maturity of the infrastructure bond as a measure of the tough choices the government faced. "Would I be better off refinancing those (infrastructure) bonds at nearly 30 percent and increase domestic interest rates, or hedge and borrow at around 10 percent and extend their repayment over 15 years?" he asked in a radio interview. The Bank of Ghana raised its main policy rate to a decade-high 25 percent in September, underpinning high local lending rates in the country. The opposition New Patriotic Party said the government had been backed into a corner through its own mismanagement and was simply delaying the day of reckoning. "The government has let the fundamentals go bad and they can't wait any more," opposition finance spokesman Mark Assibey-Yeboah said. "They would rather incur the debt, win the (2016) election and later on try to sort this out." *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

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TRADING

Kenya

Corporate News

Cigarette maker British American Tobacco (BAT) has opened a Sh152 million warehouse expected to increase its storage capacity for exports. Managing director Keith Gretton said the Cut Rag Tobacco Store would create additional space to increase storage capacity by 300 million kilogrammes, an equivalent of 280 40-foot containers of semi-processed tobacco. "We export 70 per cent of our manufactured products to 16 foreign countries within East and Central Africa region and we want to become the supplier of choice and an exporting hub," said Mr. Gretton during the opening of the facility at BAT headquarters in Nairobi on Wednesday. Kenya is the manufacturing hub for BAT. The export business has helped BAT to weather stiff anti-tobacco legislation and steep taxation. Recently, passed tobacco regulations require the printing of pictures on the cigarette packets "in full colour with a favourable background that maximises noticeability and legibility of the health warnings". The rules also ban advertising, promoting and sponsorship of tobacco and its products as well as smoking in open spaces to protect the public from the harmful effects of tobacco smoke. Mr. Gretton, however, said such regulations should be "consistent" with the Constitution, principles of better regulation, transparent and accountable. "We believe that the manufacture, distribution and sale of tobacco products should be regulated. To this end, we support balanced, evidence-based and workable regulation that measurably reduces the public health impacts of tobacco products," he said.

In July, the cigarette maker moved to court to contest the regulations and the Health ministry's failure to release the required technical information to enable them implement the law. Industrialisation Cabinet secretary Adan Mohamed, who officiated at the launch, said BAT has contributed significantly to the economy through jobs creation. According to official data, BAT has contracted more than 5,000 farmers to cultivate tobacco. The company paid out Sh1.3 billion to the growers in the last crop harvest. Mr. Mohamed, however, said the regulations were a reality in any sector, terming the Kenyan environment as conducive for the industry's growth. He also said the government would increase the level of surveillance in war on counterfeits to boost the private sector. "We want such businesses to continue to grow exports because when they win, we win as a country in terms of revenue. Last year, BAT remitted over Sh15.4 billion in government levies and if they contribute this much in the economy it is only important that we listen when they call," he said. "We are training over 100 police officers to specifically tackle the issues of counterfeits and promote local business." *(Business Day)*

Kenya's Uchumi Supermarkets has shut down four of its stores in Kenya and Uganda as part of a turnaround plan by its new chief executive that involves closing non-performing outlets. Last month, CEO Julius Kipng'etich said Uchumi would reorganise the management of underperforming branches or could close or relocate the worst performers to try to return to profit growth next year. Kipng'etich said on Wednesday that the closures of two stories in the capital Kampala leave only three of its outlets remaining in Uganda. "We have closed down Kabalagala and Natete branches in Uganda as part of the ongoing rationalisation of the business in order to stop financial bleeding and get Uchumi Supermarkets back on its feet," Kipng'etich said in a statement. "In Kenya, this exercise has resulted in the closure of Maua and Syokimau branches and will continue until we get the business back on the path to growth and profitability." Maua is in central Kenya and Syokimau sits outside the Kenyan capital Nairobi. Uchumi, which operates 37 stores in Kenya, Uganda and Tanzania, fell to a pretax loss of 262 million shillings ($2.54 million) for the half year to Dec. 31. It said in late August its full-year earnings were expected to fall by at least 25 percent from the previous year. Kipng'etich, a former chief operating officer of Equity Bank, was appointed in August to help revive the chain after it fired its previous head. *(Reuters)*

Economic News

Kenya's government plans to cut some non-priority spending this financial year to balance the books after its borrowing costs rose, the International Monetary Fund's resident representative said. Higher lending rates are also likely to impact economic growth, which might reach 6 percent in 2015, IMF Kenya representative Armando Morales said, short of the government's target of 6.9 percent.

The economy grew 5.5 percent in the second quarter and 5.3 percent in 2014. "They need to offset those (higher borrowing costs) in the same budget envelope and ...that is what they intend to do," Morales told Reuters in an interview. Kenya, whose financial year runs from July to June, was granted a standby IMF lending facility in February. Finance Minister Henry Rotich told Reuters in August the budget deficit would be cut to stabilise the shilling, which has fallen about 12 percent against the dollar this year. The IMF was offering technical support to help Kenya shore up its tax revenues, Morales said. "Without a significant improvement in taxes, fiscal consolidation will be more difficult so it's a key element," Morales said.

In response to the weaker shilling and rising inflation, the central bank has hiked the benchmark lending rate by 3 percentage points since June, to 11.50 percent. Short-term debt yields have also risen, with the weighted average interest rate on the benchmark 91-day Treasury bill jumping to 20.637 percent at an auction last week from 18.607 percent previously. After flirting with all-time lows, the shilling has recovered some ground in the past two weeks and annual inflation has also eased, to below 6 percent, from a peak of 7.08 percent in April. "The major shock was handled very well so any impact in the future won't create as much turmoil as it could have at the beginning of this depreciation," Morales said of the shilling. The Treasury set the fiscal deficit at 570 billion shillings ($5.54 billion), or 8.7 percent of gross domestic product, for the current financial year, with part to be plugged from international credit markets. Morales said Kenya could still borrow from international markets, but should look at already tested instruments such as a Eurobond or syndicated loan rather than a new route, such as an Islamic sukuk bond or samurai bond. The government had suggested it could return to the capital market with a new instrument. "They have to strike a balance between trying to access new markets with trying to get financing on time," he said. On the economic front there were "some good things happening." "Agriculture is picking up and the implementation of the investment projects," Morales said, citing projects such as the construction of a new railway linking Nairobi to the main port of Mombasa. *(Reuters)*

Money sent home by Kenyans living abroad rose by 3.2 percent in the month of August, to $132.9 million, from the same month last year, the central bank said on Monday. Known as remittances, the cash is a major source of foreign exchange for east Africa's biggest economy alongside tea, horticulture and tourism. Kenyans abroad typically send money to help their families and to invest in projects like real estate. The shilling has weakened steadily against the dollar in the last year - losing 14 percent - due to the strength of the greenback and a drop in tourism in Kenya following a spate of deadly attacks by Somali Islamists al Shabaab. Remittances from Kenyans abroad helped slow down the decline of the local currency. Remittances from Kenyans in North America grew by more than 4 percent, to $64.2 million, in August compared to the same month a year ago, accounting for close to half of the total amount sent to the African nation, central bank data showed. Remittances have been growing at a fast pace every year since 2011 when they stood at $891 million, the data from the central bank showed. Kenyans living abroad sent $1.43 billion to Kenya in 2014, setting a new annual record. *(Reuters)*

Kenya is finding that the price for defending its currency is higher borrowing costs for the government. Yields on Treasury bills have surged to their highest levels in more than 3 1/2 years as the central bank attempts to entice foreign investors into buying the securities, attracting dollars into the economy and taking shillings out of the system. Rates on Kenya's 91-day notes last week rose above those of Uganda, a country with a gross capita per income not even half that of its larger neighbor, for the first time since July 2014, according to data compiled by Bloomberg. "As rates go up, we're likely to see foreign investors bring money into the market," Fred Moturi, head of fixed-income at Sterling Investment Bank Ltd., a Nairobi-based brokerage, said by phone. "The Central Bank of Kenya is willing to stomach high rates. It's all about the shilling, they feel they have room to do this without negatively affecting inflation." So far, the efforts are paying off. The currency of East Africa's largest economy has declined less against the dollar than neighbors Tanzania and Uganda, which have seen their shillings slide more than 20 percent to record lows, as Kenyan policy makers also run down foreign-exchange reserves to defend the currency. The Kenyan shilling dropped 12 percent against the dollar in 2015 as a slump in tourism and agricultural exports cut foreign-exchange earnings and investors shun riskier assets. Kenya's central bank has raised its benchmark interest rate by a total of 300 basis points since June to try and stabilize the shilling in a nation that relies on imports for goods ranging from wheat and sugar to cars and fuel. The Monetary Policy Committee led by Governor Patrick Njoroge held the benchmark interest rate at 11.5 percent on Sept. 22 as concerns about growth outweighed inflation risks. Yields on Kenya's short-term debt securities may climb as high as 24 percent from about 20 percent before coming down, according to Moturi.

The nation's 91-day securities paid 20.64 percent at an auction on Oct. 1. The government budgeted to borrow 229.7 billion shillings from the domestic market to help bridge a deficit equal to 8.7 percent of gross domestic product. While there is pressure to fund the shortfall, "borrowing rates are not sustainable," Faith Atiti, an analyst at CBA Capital Ltd., said by phone from Nairobi. "Yields, where they are now messes up the whole economy," she said. "It's really paramount that they contain rates for the sake of the economy. If they try to drop the rates aggressively, then that will definitely renew pressure on the shilling." President Uhuru Kenyatta's administration is also paying more to borrow for less than a year than for two or even five years, an anomaly known as an inverted yield curve that signals investors are more concerned about short-term repayment risks than the longer-term economic outlook. Yields on 364-day T-bills jumped 4.4 percentage points to 20.7 percent at a Sept. 30 sale, the highest since February, 2012, while two-year notes sold in August were issued at an average of 14.78 percent. An increase in yields for bonds maturing in two- to five-years may lure foreign investors, although most will probably prefer higher-yielding infrastructure notes because of their tax-free status, Samir Gadio, head of African strategy at Standard Chartered Plc in London, said. "The authorities may be more reluctant to issue long-dated shilling debt instruments given the sharp rise in domestic funding costs, but will probably tolerate such rate levels at the short end for the time being," he said. With issuance lagging behind the government's target, there is an 'increasing possibility that the authorities will step up external borrowing to meet their overall financing needs." *(Bloomberg)*

Kenya's shilling was steady on Friday and traders said was expected to get support from dollar inflows from offshore investors attracted by the high interest rates on government Treasury bills. At 0723 GMT, commercial banks quoted the shilling at 103.05/15 to the dollar, compared with Thursday's close of 103.00/10. "It's very stable, though the high government security yields are attracting (dollar) inflows, but demand remains subdued for now," a senior trader at one commercial bank said. The weighted average yield on the 91-day Treasury bills rose to 21.353 percent this week from 20.637 percent last week, while that on the 364-day bill jumped to 21.498 percent from 20.695 percent. A trader at a second commercial bank also said these yields were expected to make the shilling strengthen in the near term. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

Mauritius

Corporate News

No Corporate News this week

Economic News

Mauritius year-on-year inflation rose to 2.0 percent in September from 1.1 percent in the previous month, the statistics office said on Wednesday. *(Reuters)*

Mauritius has a deal with a Chinese firm to develop a $113 million fishing port and is working with investors on plans to become a maritime hub for Africa, part of its bid to accelerate growth, the island nation's finance minister said on Thursday. Mauritius has revised down growth forecasts for 2015 from 4.1 percent to 3.6 percent, a level Seetanah Lutchmeenaraidoo told Reuters was not enough to meet a target of lifting the Indian Ocean country from its middle income status. Mauritius aims for 5.7 percent growth in fiscal 2016/2017 and rising to 8 percent "within the next five years", he said. But he said private investment had to drive the expansion as there was no room for the government to borrow, given a commitment to cut public debt to 50 percent of gross domestic product by 2018. It stood at 56 percent in June. "We cannot borrow or give a sovereign guarantee," he said in an interview, adding reducing debt levels needed "huge growth". To deliver that, Mauritius was attracting new investors in shipping and other maritime projects to make the Indian Ocean island a hub for Africa, adding impetus to an economy that now relies on sugar cane farming, tourism and financial services. Mauritius has a deal with a Chinese firm to start building a fishing port next year on a build-operate-transfer (BOT) basis, he said. Such deals usually leave a project in private hands for 20 or more years before it is transferred back to the state. The minister said the term of this plan had yet to be finalised.

The quay and related facilities, worth 4 billion rupees ($113 million), would handle up to 20 vessels at a time on completion in 2018, he said. A Mauritian official said the developer was China's LHF Marine Development Ltd. Lutchmeenaraidoo said Mauritius had received applications to establish a shipping fuel bunkering facility, including from Horizon Energy Group from the United Arab Emirates. Dubai-based DP World, one of the world's biggest port operators, will submit a business plan in November to run a trade transhipment port to serve Africa, he said. A memorandum of understanding was expected to be signed in January. "We are moving out from being a small port in the Indian Ocean to become the most important maritime hub in this region," Lutchmeenaraidoo said, and projects would follow the BOT principle. In a further Africa initiative, he said a Mauritius-based "special purpose vehicle" was being set up to channel investment into projects in Ghana, such as sugar cane production involving Mauritius firm Omnicane, a poultry project and technology park. Projects using this vehicle would enjoy benefits such as exemptions from value added tax (VAT) and customs duties, he said, adding Barclays was assisting with the plan. "This special purpose vehicle will be duplicated in other countries," Lutchmeenaraidoo said, citing interest from Ivory Coast, Senegal, Zambia, Uganda and Mozambique. He said the plan went beyond the "purely fiscal" double taxation avoidance agreements Mauritius has with African states.*(Reuters)*

Mauritius' 2015 sugar production is expected to be about 5 percent lower than earlier forecast due to adverse weather, a farming industry body said. The Chamber of Agriculture expects output of 390,000 tonnes this year, down from its May projection of 410,000 tonnes, it said late on Wednesday.*(Reuters)*

Mauritius has asked a bank in South Africa to help find a buyer for a near 25 percent stake in Kenya's British-American Investments Co (Britam) which was seized from a disgraced tycoon, the finance minister said on Thursday. Finance Minister Seetanah Lutchmeenaraidoo told Reuters that alternatively the stake could be bought by a Mauritian sovereign fund due to be set up next month if the right price could not be secured.

The Indian Ocean island seized the assets of Dawood Rawat, a Mauritius citizen, in April after accusing him of running a Ponzi scheme through a Mauritian insurer. "We have given an option to a bank in South Africa to look for a buyer for the whole lot, ... but at a price that is much higher than the level today," Lutchmeenaraidoo told Reuters in an interview, without naming the bank. Britam's shares, which were trading at around 28 shillings in April before the assets were seized, closed on Wednesday at 15.75 shillings ($0.15). Mauritius aims to raise 4.2 billion rupees ($118 million) from selling the stake to help repay those who lost money in the Ponzi scheme, the minister said, adding this would mean securing a price of about 21 shillings a share. "If this doesn't come ... then the legacy sovereign fund will buy it," he said, referring to a fund he said would be set up in November to hold long-term investments. He did not give further details about the fund. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Nigeria

Corporate News

Nigerian-based oil producer Oando wants to double its oil output by 2019, targeting assets likely to be shed by majors hit by the crude price drop. Chief Executive Wale Tinubu told Reuters in an interview on Monday the retreat among the world's major producers from the onshore Nigerian oil industry would likely leave a lot of assets on the market. "When you compare the size of the resource base (the majors) have in Africa vis-à-vis the rest of the world, it's clear that they will have to do Nigerian divestments and we are the natural buyer of choice," he said. Oando, which produces some 50,000 barrels of oil a day, already bought ConocoPhillips' Nigerian assets for $1.5 billion in July last year, with a view to meeting its target of hitting 100,000 bpd by 2019. "We are driven, we are keen and we are on the lookout for opportunities and we are confident of securing opportunities towards increasing our reserve base and our production," he said. The price of oil has halved to below $50 a barrel over the last 12 months, as global supply has outstripped demand. "We're betting on an eventual oil price rise and we see the best time for securing those reserves as being now and not when the market rebounds," Tinubu said. Nigerian onshore oil projects have been plagued by industrial scale oil theft, security problems and oil spills, the latter having become a growing legal liability for major oil companies. Nigeria is Africa's largest oil producer and contributes some 2 million barrels a day to total world supply. Shell has already sold some of its Nigerian oilfields and said last week it will focus its future investments there on natural gas. Its French peer Total agreed in March to sell a stake in an onshore oilfield to Nigeria's Aiteo Eastern E&P. Local oil producer Afren Plc, which went into administration in July, owns oilfields in Nigeria, but Tinubu said Oando was not considering them. "We looked at it but we're not really interested. It doesn't satisfy our criteria we believe there are many better opportunities out there," he said. *(Reuters)*

An affiliate of Lafarge Africa has completed a 100 percent acquisition of Nigeria's third-largest cement manufacturer United Cement Company of Nigeria (UNICEM), the local unit of the French cement maker said on Monday. Lafarge did not disclose the purchase price. It said its affiliate Nigerian Cement Holdings (NCH), owned a 70 percent equity in UNICEM before agreeing a deal last November to buy the remaining 30 percent stake from Flour Mills. UNICEM cement plant, which is located in Cross Rivers, southeast Nigeria, with a production capacity of 2.5 million tonnes was undergoing an expansion to 5 million tonnes to be completed next year, it said in a filing with Nigeria's bourse. Shares in Lagos-listed Lafarge Africa shed 0.51 percent on Monday to 98 naira, outperforming a weaker index which fell 0.6 percent. *(Reuters)*

The N3.2 billion dividend payout by PZ Cussons Nigeria, has helped to boost the liquidity of shareholders, writes Goddy Egene. September 29, 2015 was very significant for shareholders of PZ Cussons Nigeria, the largest subsidiary of the PZ Cussons global group. That was the day the shareholders assembled in Calabar, Cross River, for the 67th annual general meeting (AGM) of the company. Apart from having a successful AGM, the shareholders were gladdened by the enhancement of their pockets through the payment of a final dividend of N2.422 billion for the year ended May 31, 2015. After approving the dividend on Tuesday, the shareholders began to receive it on Wednesday, a development that put smiles on their faces. According to some of the shareholders, the dividend came at the right time to meet their financial needs in the area of children education. "While we had received at interim dividend of 20 kobo, the final dividend came at the right time. Personally, the dividend has assisted me to take care of some of children educational needs," an enthusiastic shareholder said. The interim dividend of N794 million plus the final of N2.422 billion brought the total dividend for the year to N3.214 billion. PZ Cussons Plc is a subsidiary of PZ Cussons global group. PZ Cussons (Holdings) Limited United Kingdom, held 70.95 per cent equity of the company as at May 31, 2015. The history of the company in Nigeria began in 1899, when Paterson Zochonis (PZ) opened a branch office in Nigeria. In 1948, PZ acquires its first soap factory of PB Nicholis & Company Limited. In 1953, the company changed name to Alagbon Industries (Associated Industries in 1960). In 1973, PZ entered the detergent and refrigerator MARKETS simultaneously in Nigeria. PZ acquires Cussons Group Limited in 1975 and in 1976, the company witnessed global name change to Paterson Zochonis Industries Plc. The year 2002 witnessed the global renaming of Paterson Zochonis Plc to PZ Cussons Plc. In 2003, PZ Cussons Plc entered into a joint venture (Nutricima) with Glanbia Plc to supply evaporated milk and milk powder in Nigeria.

In 2005, Nutricima JV commenced manufacture in Nigeria. Also, year 2007 witnessed the name change to PZ Cussons Nigeria Plc. The company has Chief Kola Jamodu as chairman, while Mr. Tunde Oyelola is vice chairman. Mr. Christo Giannopoulos as managing director/ chief executive officer. Other directors include:Mrs. Yomi Ifaturoti(executive director, corporate affairs and administration); Mr. Alex Goma (executive director, family care); Mr. David Petzer(executive director/financial officer);Ms. Joyce Folake Coker(executive director, human resources0; Mrs. Elizabeth Ebi(independent director); Mr. Lawal Batagarawa(independent director); and Mr. Paul Usoro (non-executive director). PZ Cussons is into the manufacturing, MARKETING, sale and distribution of a wide range of consumer products and home appliances, which are leading brand names thoughout th country in detergent, soap, cosmetics, pharmaceuticals, refrigerators and airconditioners. The company also distributes the products of Nutricima Limited, Harefield Industrial Limited, PZ Wilmar Limited, and PZ Wilmar Food Limited.

PZ Cussons Nigeria ended the year with a revenue of N73.1 billion, up from n72.9 billion in 2014. Operating profit stood at N6.652 billion, up from N6.301 billion in 2014. Profit before tax was N6.55 billion, down from N6.949 billion in 2014. Profit after tax came lower at N4.57 billion, compared with N5.1 billion in 2014. Reviewing the performance of the company, Jamodu explained that the company's focus in driving shareholder value through improving efficiencies in the supply chain and continuous investment in brands that delight its customers was sustained during the year. According to him, the white goods business experienced volume and top line growth despite increasing competition from global brands and cheap low quality imports. "Profit before taxation dropped by 5.7 percent from N6.95 billion to N6.56 billion mainly due to the impact of significant exchange losses that were incurred due to the devaluation of the naira during the year under review. Overall, it is gratifying to note that after taking into account the impact of the tough of the operating conditions and the competitive environment, our company performed satisfactorily against peers in the sector. We are also well poised to sustain and improve on this base going into the future," Jamodu said. Looking ahead, the chairman said PZ Cussons is geared towards meeting its stakeholders' expectations by deploying the right strategic and tactical plans to deliver a strong performance in the coming years.

'The optimisation of our supply chain process will continue leading to improvement in operational efficiencies. We will also continue to invest in core brands and growth categories through our planned extension into new routes to market, ensuring a minimisation of our cost base. Additionally, as we are part of a global business, we are adapting our management structure to reflect a consumer led organisation," he said. The chairman disclosed that the supply chain of the company is being integrated into a single structure across the globe and the sales function will align across defined route to market strategies with consistent ways of working. "Although we are centralising, local insights will have a significant bearing on the new product developments to ensure that our consumer needs in local MARKETS are the driving force of our investments," he said. Analysing the results of PZ Cussons, analysts at FBN Capital Limited, said compared with their estimates, sales were in line while both PBT and PBT beat by over 40 per cent. "Consensus was slightly above our forecasts. PZ (parent) had signaled that the operating environment remained challenging in its last trading update. We had expected that PZ's gross margin would be weighed down by naira devaluation. It appears the impact was not as severe as we had thought, or that there were other offset factors that proved significant."

According to them, corporate social responsibility (CSR) enhanced value for PZ shareholders and other stakeholders. Like other multinationals, the financial performance of PZ Cussons Nigeria Plc has a positive impact in all territories in which it operates. The board's commitment to the principles of CSR reflects its view that it is incumbent on leading companies to make a positive contribution to society through their activities. PZ Cussons Nigeria Plc board believes, however, that socially responsible conduct is value enhancing for its shareholders and other stakeholders. In particular, the board recognises the potential benefits which may be derived where its CSR activities are aligned to the concerns and demands of its customers and the Group listens to and takes account of those concerns in shaping its business strategies and practices. The board also recognises that companies are subject to increasing regulation, particularly in respect of environmental issues, and that the pursuit of a proactive CSR policy reduces the risk of adverse regulatory action. *(This Day)*

Ecobank Transnational Incorporated (ETI), has foreclosed the plan of selling some its stake in its Nigeria subsidiary, Ecobank Nigeria Limited, due to falling equities' prices. The Chief Executive Officer of the bank, Mr. Ade Ayeyemi, stated this in an interview with

Bloomberg. The bank had said that it would sell part of its stake in Ecobank Nigeria Plc by the end of the year to boost its working capital and meet up with the Central Bank of Nigeria (CBN)'s directive on minimum capital threshold. ETI had planned to raise as much as $400 million with a sale of about 25 per cent of the Nigerian subsidiary. But the bank's shares have fallen by 12 per cent since the end of June, amid concern among investors that a slowdown in China, sub-Saharan Africa's biggest trading partner, and a looming rise in U.S. interest rates may weigh on economic growth. According to Ayeyemi, falling market values mean the bank would not get good deal from the sale. "The market is not right for us to be selling part of that unit. "We will not be doing any dilution at the moment. You cannot sell an asset you don't have to sell at the time when market prices are at the bottom of the trough," he said. "We are adequately capitalized at the moment," Ayeyemi said. "If there are business opportunities that require us to have more capital, we will support that. We always have the option in future," he added. The bank's biggest shareholder, Nedbank Group Ltd., said it was against being diluted by a sell down of the Nigerian business, which is Ecobank's largest. The South African lender spent almost $500 million buying a 20 per cent stake less than a year ago. "By raising tier 1 capital at subsidiary level, you're possibly diluting those who own Ecobank from the holding company level," Mfundo Nkuhlu, Chief Operating Officer at Johannesburg-based Nedbank, said in an interview at Bloomberg's offices on Sept. 23. "Any capital raise needs to be economically sensible to the holding company shareholders." Togo-based Ecobank operates in 36 African countries, more than any other lender. *(Vanguard)*

Access Bank, Nigeria's fourth-largest bank by assets, is considering expanding into new markets in Europe and Asia as it targets achieving 20 percent of revenue overseas by 2018, the bank's chief executive told reporters on Wednesday. To expand from its current 10 percent of revenue in foreign markets, the bank is looking at organic growth, rather than acquisitions, chief executive Herbert Wigwe said in Dubai. "Global expansion is being done very carefully, taking into account our moderate risk appetite," he told reporters in Dubai. "We will not be expanding very quickly but most likely are looking at one or two countries a year." The bank already has operations in 10 overseas markets, mainly in Africa, but is targeting countries outside the continent as a "balance" against Africa, said Wigwe. Its non-African markets include China and Britain, with its UK subsidiary on Wednesday announcing the opening a representative office in Dubai. The move is aimed at tapping into the United Arab Emirates' status as a burgeoning centre for the flow of trade between Africa and Asia. UAE trade with Africa rose from $2.5 billion in 2000 to $22.8 billion in 2013, according to Dubai Chamber of Commerce and Industry. Access Bank hopes to eventually gain approval to offer trade finance and other services from its Dubai office in the future. The bank is aiming for higher profitability this year after it regained market share following the acquisition of rival lender Intercontinental Bank three years ago. *(Reuters)*

Economic News

The Securities and Exchange Commission (SEC) has introduced guidelines for investors that wishes to move account from an under-capitalised broker/dealer to a broker/bealer or broker that has complied with the minimum capital requirement (capitalised firm). Besides, the commission also urged investors to verify the status of their preferred Capital Market Operator (CMO). SEC explained that some guidelines should be adhered to by investors, target firms and the Central Securities Clearing System (CSCS) where an investor wishes to move his stock account from an under-capitalised broker/dealer to a broker/dealer or broker that has complied with the minimum capital requirement (capitalised firm). According to the commission, where the broker/dealer has not met the new minimum capital requirement, the investor should approach a capitalised broker/dealer or broker for engagement adding that the investor should undergo a Know Your Customer (KYC) process with the new firm. It explained that that the broker/dealer or Broker should open a CSCS account for the investor using the investor's existing Clearing House Number (CHN) from his former Brokerage Firm while the investor should give a mandate to the target firm to transfer his/her account from the under-capitalised firm to the target firm (capitalised firm). SEC added that the investor should submit evidence of purchase of the shares such as contract notes, receipts of purchase, dividend stubs or confirmation of holdings from the registrar's office, signed by the managing director of the registrar firm to the target firm while the target firm (capitalised firm) should initiate inter-member transfer request. "The Managing Director of the Target firm (capitalised firm) shall go to the CSCS to sign off the indemnity form while the CSCS shall process the request and notify the Broker/Dealer or Broker through the CSCS website", SEC explained.

The Commission had recently published the list of 384 capital market operators (CMOs) it said complied with the new minimum capital market requirements for the industry. The list published on the official website of the SEC showed that after a proper capital verification of the filings, 36 operators were either mobilizing to inject additional capital, processing their reclassification or reduction of function. Twelve others are processing their applications for mergers and acquisitions. The commission had set September 30, 2015 as deadline for compliance with the new directive by all operators. Any operator that could not meet the deadline automatically ceases operation in the market. The capital market regulator had also increased the minimum capital base for broker/dealer by 329 per cent from the existing N70 million to N300 million, while the minimum capital base for dealer was increased by 233 percent from N30 million to N100 million. Issuing houses facilitating new issues in the primary market now have minimum capital base of N200 million, as against the previous N150 million, while the capital requirement for underwriter was also doubled from N100 million to N200 million. A registrar now has a capital base of N150 million, as against the previous requirement of N50 million, while the minimum capital base for corporate investment advisers remained unchanged at N5million. *(Guardian News)*

The Federal Government is targeting an inflow of $2bn (N394bn) in 2016 from its development partners such as the European Union, Department for International Development, and the World Bank, among others. The amount is expected to be sourced through a window identified as the Official Development Assistance. The $2bn ODA inflow being targeted for next year represents an increase of $700m or 53.8 per cent over the inflow of $1.3bn in the current fiscal year. These figures were contained in the Medium Term Plan 2016-20 0 prepared by the National Planning Commission and submitted to the Ministries, Departments and Agencies of government for validation. The final monetary estimates for the 2016 budget are still being worked out by the respective government agencies and may be ready by mid-November, according to the timeline stipulated by the document. In the document, which was obtained by our correspondent in Abuja, the government said it would be focussing on six policy thrusts aimed at stimulating growth and reducing the level of poverty in the economy. The policy thrusts are economic, social development, infrastructure, governance, environment, state and regional development. An analysis of the document reveals that from the $2bn being targeted as ODA inflow in the 2016 fiscal year, the sum of $1.5bn (N295.5bn) is being planned to be allocated for basic social services. When compared to the $705m that was allocated for the same purpose in the current year, the $1.5bn indicates an increase of $795m.

According to the document, some of the social development programmes expected to be implemented by the administration of President Muhammadu Buhari are welfare schemes, and conditional cash transfer. Others are school feeding programmes, pro-poor health care services through health care insurance scheme and the development of educational infrastructure as well as capacity building for technical staff. In the area of infrastructural development, the document stated that the Federal Government through an Infrastructure Development Fund would be galvanising investments in electricity generation, distribution and transmission, as well gas supply pipeline. Other areas where investments will be attracted are road rehabilitation and construction, rail network expansion and modernisation as well as real sector development. Specifically, in the area of infrastructure, the document stated that the priority was to increase installed generation capacity from 7,000 megawatts to 10,000MW. There are also plans to increase the transmission capacity from 5,000MW to 12,000MW. In the same vein, the distribution capacity is expected to be increased from 6,000MW to 10,000MW. In terms of rail and road expansion, the document stated that the Federal Government would in 2016 improve the condition of federal roads from the current 31 per cent to 31.5 per cent.

It also said that more narrow and standard gaugelines would be constructed, thus increasing the kilometres of the rail network from 4,017 kilometres to 4,600 kilometres. Through the promotion of private sector investments in infrastructure, the document stated that the government would be creating 150,000 new jobs for Nigerians. Vice President Yemi Osinbajo had during the 45th Annual Accountants Conference and 50th anniversary celebration of the Institute of Chartered Accountants of Nigeria stated that the Federal Government would invest more in social sectors to reduce the level of poverty in the country. He listed other areas where investment would be stimulated to include the school feeding scheme, conditional cash transfer and reflating the economy of the states to boost development. Osinbajo said that the multiplier effects of the introduction of these programmes would help to create 1.14 million new jobs and increase food production by 530,000 metric tonnes per annum. On the conditional cash transfer programme, he said this was another avenue for alleviating poverty.

He said the programme was intended to support 25 million poorest households to incentivise vaccination, education and production. The multiplier effects of the introduction of the programme, he noted, would include lifting millions out of poverty; putting millions into rural production; and boosting rural economy. *(Punch)*

President Muhammadu Buhari on Monday promised that the 2016 budget being prepared by his administration would be specially designed to encourage the diversification of the nation's economy. He said new policies and measures that would move the economy away from the current dependence on the oil and gas sector would be introduced. The President, however, did not disclose the specific policies and measures. According to a statement by his Senior Special Assistant on Media and Publicity, Garba Shehu, Buhari spoke while receiving the President of the Movement of the Enterprises of France, Mr. Pierre Gattaz, and a delegation of French investors at the Presidential Villa, Abuja. The President made the disclosure just as the French investors sought assurances from Buhari on the safety of their planned investments in Nigeria. Shehu quoted Buhari as saying that policies being evolved by his administration to boost domestic manufacturing and attract greater investment to Nigeria's agricultural and mining sectors would be given full effect in the 2016 budget. The President urged Gattaz and the French trade mission, which included over 50 companies with interest in manufacturing, agriculture, infrastructure development and other areas, to return to Nigeria again next year in order to take full advantage of the new policies. He also assured the French investors that under his leadership, Nigeria would not fall short of international standards in the protection of foreign investments and the repatriation of returns on such investments.

The President agreed that domestic security and the inflow of foreign investment were intrinsically linked. He, therefore, told his guests, whose visit to Nigeria is a follow-up to his recent trip to Paris, that the Federal Government was taking necessary measures to overcome the present security challenges in the country. Buhari said, "Our government came into office at a time when many people had abandoned the country's manufacturing, agricultural and mining sectors. "We are doing our best to encourage diversification into these sectors, which can employ a lot of people, and we will welcome your support in this regard. "Ultimately, reducing unemployment will also help to improve security, because unemployment and insecurity are inseparable." The President said Nigeria would welcome more French investments to its power sector because the availability of steady power supply would lead to the reopening of closed factories and the creation of more jobs. He also assured the delegation that his administration was tackling corruption with vigour in order to ensure greater probity in the management of national resources. The MEDEF President, who spoke on behalf of the French investors, sought assurances from Buhari on the safety of their planned investments in Nigeria and the easing of bureaucratic bottlenecks. *(Punch)*

The Nigerian naira is "appropriately priced" and the central bank does not plan any adjustments in the currency for now, the head of the bank said on Monday. Speaking at a conference in London, Governor Godwin Emefiele said that restrictions put in place in June to conserve foreign exchange reserves and support the naira were working. Africa's largest oil producer has restricted imports to offset a fall in vital oil revenues, which has battered public finances and the naira. On Monday, the bank weakened its official exchange rate peg on the Lagos interbank market to 197 naira per dollar from 196.95 it set last week. It was the seventh adjustment since the regulator introduced tight currency controls in February. It did not provide any reason for the adjustment, which traders said was made through a message. The naira traded weaker in the parallel market to 223. Forward markets, used for betting on future exchange rate swings, priced it to drop another 20 percent over the coming year. Emefiele said Nigeria should focus on diversifying its economy and needed to manage what little hard currency reserves it had. "At this time ... the currency is appropriately priced," Emefiele told the FT Africa Summit. "(People) are asking me whether I am ready or not for an adjustment, and I tell them: At this time, no adjustment," he said. He added he was looking at various options but gave no details. Since June, purchasers of foreign currency bonds and importers of 41 kinds of items, from toothpicks to private jets, have been restricted from purchasing dollars on interbank markets. Nigerian Vice President Yemi Osibanjo said on the weekend the country would keep restrictions on foreign currency for the time being to preserve reserves but promised to relax them eventually. The restrictions were effective, Emefiele said, adding: "It is working and people should have patience with us." *(Reuters)*

The market capitalisation of the Nigerian Stock Exchange (NSE) depreciated by a total of N489 billion in the third quarter of 2015 as it fell from N11.218 trillion as at July 1, to N10.729 trillion on September 30. The All-share Index of the NSE was also hit by the apathy that has enveloped the market as it dropped to 31,217.77 points at the end of the third quarter, from the 32,863.43 points it attained at the beginning of the quarter. Cautious trading by investors has continued to pervade the market, even as a lot of them continue to watch from the sidelines as they await a clear economic direction of President Muhammadu Buhari, who is yet to form his economic team. Some analysts also believe that the recent removal of Nigeria from the JP Morgan emerging markets bond index also contributed to the slow down witnessed in the stock market. They further pointed out that issues in the macro economy, the political transition, uncertainty around crude oil price and the anticipation of another round of naira devaluation, also suggest that investors are somewhat cautious about the stock market. These according to them were expected to affect the market negatively. Managing Director of Financial Derivatives Limited, Mr. Bismark Rewane, noted in a recent report that: "The administration has not come out with a clear economic policy or blueprint. This macro-economic ambiguity is borne out of the sheer gravity of the problems and the dilemma that the possible options throw up. The recent plunge in oil prices in August is aggravating a difficult situation." He added: "The impact of this policy void is increasing the tentativeness of investors and is being exacerbated by the rash of administrative measures. The volatility in the FOREX and interest rate markets is evidence of consumer and investor anxiety. A cabinet is likely to be announced in a few days and will douse most of these fears."

But the Managing Director/Chief Executive Officer, Afrinvest (West Africa) Limited, Mr. Ike Chioke, believes that from a valuation perspective, banking stocks on the NSE are actually significantly undervalued in Nigeria than their peers in other countries. "If you look at the South African market where the currency is down about 15 per cent this year, banks there are still trading at about two time price-to-book value (PBV) on average. Go to Kenya, banks there are trading at about one times PBV on average. Come to Nigeria, most of our banks are trading at 0.6 times PBV. So, 0.6 times PBV means that a bank that has N100 billion shareholders' funds in its vault as cash, unimpaired is now being valued at N60 billion. "So, I expect them (stocks) to go down further by the end of the year, which would magnify their under-valuation. For an investor that has a long-term view, I think this is an excellent time to take large position in banking stocks. But the challenge is that Nigerians would not do anything when common sense and logic suggests it is appropriate to do so, no matter how many times I say it. It is only when the shares have gone up 20 per cent that they talk about buying it," he added. *(This Day)*

The Securities and Exchange Commission (SEC) has revealed plans to grow the size of non-interest products to 25 per cent of the overall market capitalization. The Director General, SEC, Mr Mounir Gwarzo, made the disclosure at a round table meeting with a delegation led by the Lord Mayor of London Alderman Alan Yarrow and Nigerian regulators in Abuja. Mounir Gwarzo, who was represented by Zakawanu Garuba, Executive Commissioner, Corporate Services, stated that "our goal is to boost non-interest capital market product innovation so that the segment can be at least a quarter (25 per cent) of the overall market capitalization." The SEC, he said, wants "to build a strong regulatory regime for non-interest products, encourage stakeholders in the non-interest capital market and ensure the emergence of Nigeria as a prominent non-interest capital market hub both at the regional level and globally." He further stated that the SEC was considering modalities for setting up a Sharia Advisory Council as a body of experts to advice on non-interest product applications. To boost liquidity of non-interest products, the SEC, he added is "working with a committee to support the FMDQ platform to enable secondary market trading of the products. "We are also engaging the Central Bank of Nigeria (CBN) to obtain liquidity status for non-interest products (especially the sukuk)." He noted that the efforts are hinged on the fact that "Nigeria has more than 80 million Muslims compared to Malaysia's total population of 30 million. In addition, Nigeria has a larger economy than Malaysia's, being the largest economy in Africa." To harness this potential, Gwarzo said proper planning was imperative which was "why at the SEC, we set up an industry-wide Committee of experts last year to produce a 10-year master plan on non-interest capital market product. Their recommendations have been incorporated into the broader capital market master plan which we have begun implementing." he said.

Responding, Alderman Alan Yarrow, the Lord Mayor of London pledged the United Kingdom's government support stressing that "two things were universally agreed on, Islamic finance will be massive and it's here to stay." Yarrow expressed concerns that "the difficulty of defining what Islamic finance actually is, is with different scholars and different countries supporting different rules." Alderman Alan Yarrow said there "is a huge opportunity to offer Islamic finance as an alternative investment and finance model for both Muslims and non Muslims alike." Nigeria's Exchange he said has a crucial role to play in that story since it is the second largest Exchange in sub-Saharan Africa describing it as "the Gateway to African markets and as such, the whole of Africa, to some extent, relies on Nigeria."

The UK he said is prepared to help Nigeria "from looking at Nigeria's legal framework, to helping to up the skills of your young, dynamic and ambitious population. London has the expertise, the variety and the capacity to help. And most of all, we offer the willingness and we stand ready to do our bit." Alderman Alan Yarrow said "there is already a thriving partnership between the Exchanges and an excellent pipeline of Nigerian Businesses listing in London. But in the past few years, things have been shaken up by the arrival of non-interest finance and in particular, Islamic Finance." He called on members of the Nigerian capital and financial derivatives markets to talk to him, "and the business delegation and TheCityUK. Whether it's about Islamic Finance, Legal services or education, training and qualifications. That's why we are here. And we all look forward to helping you in whatever way we can." *(Vanguard)*

Plans by Nigeria, Africa's biggest oil producer, to review offshore production contracts signed with international oil companies two decades ago, have added to uncertainty in an industry already lacking regulatory clarity, said analysts including Philippe de Pontet of Eurasia Group. The objective is to increase Nigeria's earnings from the fields, according to Emmanuel Kachikwu, group managing director of the Nigerian National Petroleum Corp. Yet, declining crude oil prices take away some of the incentive for investments that would've given the government more leverage in negotiations. "With Brent below $50 a barrel, the timing is not ripe for big contract negotiations.," de Pontet said. "If the Buhari administration is not careful its agitation for contract review could prove counterproductive at a time when the oil sector is already stagnant at best." Nigeria depends on crude exports for two-thirds of government revenue and more than 90 percent of export earnings. NNPC, as the state oil company is known, has production-sharing contracts in deep offshore oilfields with companies including Royal Dutch Shell Plc, Exxon Mobil Corp., Chevron Corp., Total SA, and Eni SpA. Output from these fields now account for about half of Nigeria's production of about 2 million barrels a day. The fiscal terms were negotiated at a time when these companies were pioneering deep offshore production, and fields such as Shell's Bonga, Exxon's Erha, Chevron's Agbami and Total's Amenam got tax rates of about 50 percent, compared with 85 percent for onshore fields. The royalty regimes varied from 12 percent for water depths of 200-500 meters (650-1,600 feet) to nothing once they exceeded 1,000 meters.

With government revenue halved by the decline of crude prices in the past year, President Muhammadu Buhari, who took power after winning an election this year, is hard-pressed to fund electoral promises. Kachikwu has identified review of the fiscal terms governing offshore oil fields as one area where the government has scope to increase income. Though the production-sharing contracts are "fairly beneficial" to the companies, it may be better for the government to push through with a revised oil bill, Philipp Chladek, a London-based analyst at Bloomberg Intelligence, said by phone on Oct. 5. Putting in place a new law "is a bigger and more pressing priority than renegotiating the offshore contracts because it will have a much more beneficial impact on the Nigerian economy," he said. "The upside from having a regulatory and legal system in place is considerable because it will help increase investment and enable the smaller companies to develop their onshore oilfields." It's not yet clear if the latest round of talks with the international oil companies will offer a way out of the prolonged deadlock with the government that arose over a proposed bill to reform the way the industry is funded and regulated, first sent to lawmakers in 2008. The major difference was over the fiscal terms governing the offshore fields, where the government wanted a greater share of revenue.

While the bill was stalled in parliament in the past seven years, investments worth more than $50 billion that should've come to Nigeria, went elsewhere amid the uncertainty, according to Shell. As much as $150 billion in investments could be lost in 10 years and output might decline by 25 percent, according to the Oil Producers Trade Section of the Lagos Chamber of Commerce, which represents oil companies in Nigeria. Drilling for exploration in Nigeria hovers around the lowest in more than a decade as investment plans were shelved, according to the Petroleum Ministry. The last draft sent to lawmakers in 2011 seeks to raise offshore taxes to 73 percent and those for onshore to 87 percent. Two previous drafts sent to parliament didn't become law during the tenure of the last two legislatures due to political wrangling and opposition from energy producers. Favorable fiscal terms had encouraged Shell to lead deep-water oil exploration in Nigeria resulting in the 1995 discovery of the Bonga field, located 120 kilometers (75 miles) offshore. With reserve estimates of about 1 billion barrels, it has capacity for 220,000 barrels daily, pumping into a floating production, storage and off-loading vessel moored in the sea. Other discoveries quickly followed Bonga, confirming the prodigious prospects of the Gulf of Guinea, helping spur a movement to offshore oil in Nigeria at a time of rising unrest and armed militancy in the Niger River delta that imperiled onshore production. Shell, the largest producer in Nigeria, has since sold most of its onshore fields that were plagued by theft, sabotage and insecurity. The international oil companies concerned have already begun discussions with the NNPC, which represents the government, according Osagie Okunbor, Shell Nigeria chairman. None of the parties involved in the negotiations "wants to see this have an adverse impact on investments," Okunbor said in Abuja on Sept 30. "So we will look at these clauses and then we will take a position. I don't think that we should begin to see it at this stage as win and lose." *(Bloomberg)*

The International Monetary Fund (IMF) has forecast a four per cent growth rate for Nigeria's Gross Domestic Product (GDP) in 2015, as the country continues to contend with the challenge of declining income from the drop in crude oil prices. The latest growth forecast by the fund is 2.25 percentage points lower than its last year's projection for Nigeria. The multilateral donor agency stated this in its 208-page World Economic Outlook (WEO) titled, "Adjusting to Lower Commodity Prices", released on Wednesday. In the 2015 budget, the federal government had initially forecast a real GDP growth rate of 6.4 per cent in 2015 but was forced to slash it to 5.5 per cent owing to declining oil prices. Oil accounts for the bulk of government revenue in Nigeria, but global crude prices have more than halved over the past one year. Continuing, the IMF stated that it anticipated growth in sub-Saharan Africa to also slow this year to 3.8 per cent, from five per cent in 2014. Similarly, it forecast that growth in low-income developing countries would also fall to 4.8 per cent this year, more than one percentage point weaker than in 2014, before picking up to 5.8 per cent in 2016.But the IMF pointed out that its projections for the low-income countries would be shaped by the outlook for sub-Saharan economies, "in particular Nigeria; the resilient growth in low-income developing countries in Asia, particularly Bangladesh and Vietnam."

"The slowdown in 2015 is primarily driven by the repercussions of declining commodity prices, particularly those for oil, as well as lower demand from China—the largest single trade partner of sub-Saharan Africa—and the tightening of global financial conditions for the region's frontier market economies. "Among the region's oil importers—projected to grow at four per cent on average—a majority will continue to experience solid growth, especially low-income countries, where investment in infrastructure continues and private consumption remains strong. "Countries such as Côte d'Ivoire, the Democratic Republic of the Congo, Ethiopia, Mozambique, and Tanzania are still expected to register growth of about seven per cent or above this year and next. "But others, such as Sierra Leone and Zambia, are feeling the pinch from lower prices for their main export commodity, even as lower oil prices relieve their energy import bill," the fund stated. Nonetheless, the IMF projected that growth for the region would pick up in 2016 to 4.3 per cent, with the global recovery supporting a moderate pick-up in external demand, the modest recovery in oil prices benefiting oil exporters, and an improvement in the outlook for Ebola-affected countries. "Global growth for 2015 is projected at 3.1 per cent, 0.3 percentage point lower than in 2014, and 0.2 percentage point below the forecasts in the July 2015 WEO Update. Prospects across the main countries and regions remain uneven.

"Relative to last year, the recovery in advanced economies is expected to pick up slightly, while activity in emerging markets and developing economies is projected to slow for the fifth year in a row, primarily reflecting weaker prospects for some large emerging market economies and oil-exporting countries. "In an environment of declining commodity prices, reduced capital flows to emerging markets and pressure on their currencies, and increasing financial market volatility, downside risks to the outlook have risen particularly for emerging market and developing economies. "Global growth remains moderate—and once again more so than predicted a few months earlier. Although country-specific shocks and developments play a role, the persistently modest pace of recovery in advanced economies and the fifth consecutive year of growth declines in emerging markets suggest that medium-term and long-term common forces are also importantly at play," it added. *(This Day Live)*

Mrs. Chinelo Anohu-Amazu, the Director-General, National Pension Commission (PENCOM), on Thursday promised to partner with the Nigerian Stock Exchange (NSE) to deepen the nation's capital market. Anohu-Amazu made the promise during her visit to the NSE and bell ringing in Lagos. She said that the commission would deepen its partnership with NSE to put necessary measures in place to give institutional investors the needed comfort to remain in the equities market on a long-term basis. The director-general said that the commission required an enabling environment to participate effectively in the equities market in order to move the market forward. Anohu-Amazu, who commended the ongoing reforms at the exchange, said that it would deepen market activities.

"The reform that has been on going in the NSE is the kind of thing that PENCOM is looking for. "Because, we are institutional investors and because of the nature of funds we hold which belongs to the retirement service account holders," she said. Anohu-Amazu said that the primary mandate of the commission was to establish and ensure that liabilities and pension retirement benefits were paid as and at when due. "The relationship we are establishing with the NSE is such that will enable us to meet our initial mandate, while also playing an active part in the local development of the NSE," she said. The director-general said that investment in equities for institutional investors should be for long-term. "We are not portfolio investors, we are in for long term. "I am happy that the management of the NSE is creating that platform to enable us to fulfill that mandate," she said. *(The Guardian)*

Interbank interest rate went down further yesterday to this year's low of 2.3 percent as the Central Bank of Nigeria, CBN, withholds fresh issue of treasury bills. The rate had hit three-month low of 3.5 percent last week from over 50 percent recorded three weeks ago in the wake of Treasury Single Account policy which pulled over N1.2 trillion deposits from banks. The apex bank also credited the banks with excess cash reserve provisions yesterday evening in line with the new cash reserve requirement, CRR, reduction to 25 percent from 31 percent. Bank treasurers told Vanguard that there was high liquidity in the banking system, forcing the rates down in interbank market, but not yet sustainable enough to impact lending rates. Prime lending rates are still over 18 percent in some banks. Yesterday's cash inflows to the banks surged banking system credit with CBN to N1.1 trillion after it had opened at N355 billion, indicating that the CRR inflow was less than N700 billion. Last week the bankers' committee meeting briefing by the Managing Director of Fidelity Bank Plc, Mr. Nnamdi Okonkwo, indicated that the banks were expecting N740 billion from the CRR refunds. Meanwhile, Debt Management Office, DMO, has plans to issue N80 billion worth of local currency denominated bonds with maturities of between five and 10 years on October 14, according to a release, yesterday. *(Vanguard)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Tanzania

Corporate News

Dr Kimei made the revelation over the weekend at CRDB Azikiwe Premier Branch during the launch of 'customer care week', boasting that the bank was being led by Tanzanians. The customer care week, according to the banker, is marked to enable employees of the bank to weigh performance of the bank by meeting with customers. "Last year our slogan during the customer week was 'Thank you' and this year is 'Thank you very much' indicating that we have been able to please many of our customers," Dr Kimei noted. One of CRDB's customers, Ms Rose Rimoi, applauded the bank for improving services and treating customers with care. "I have been accessing services at the Azikiwe Premier Branch for the last four years and I can attest that services have been improving since then," Ms Rimoi remarked. The Azikiwe Branch Manager, Fabiola Mussula, said the bank will continue improving services by meeting with customers to understand their needs. During the week, employees of the bank will engage in corporate social responsibilities and meetings with customers. *(Daily News)*

Economic News

THE Dar es Salaam Stock Exchange (DSE) total market capitalization and the DSE Index which tracks all listed shares declined by 7 per cent to 22.2tri/- at the quarter ended in September from 23.9tri/- as of June 2015. According to the DSE CEO, quarterly report from July to September 2015, the domestic market capitalization and indices also recorded a decimal decrease of one per cent. The domestic market capitalization decreased to 9.8tri/- as of September from 9.9tri/- posted in quarter two. The DSE listed companies' valuations and trading activities were partly affected by the depreciation of shilling compared to US dollar thus resulting into negative impact on investors' returns as measured in US dollars. As a result, foreign investors' activities on the buyside remained the same as was in quarter two at 86 per cent of out total trading activities while sale-side activities declined significantly, from 41 per cent in quarter, 2015 to a mere 8 per cent this quarter. Market liquidity trading turnover also recorded a decline to 222bn/- in the quarter under review from 278bn/- in quarter two. However, on the annualized basis, the turnover currently at 785bn/-, has the potential to reach 11 per cent liquidity ratio, this liquidity level will potentially be almost 10 times compared with the previous history, as compared to the domestic market capitalization. "We were also down by 2 per cent on the domestic counters valuations. The Weighted Average market Price Earnings Ratio for domestic listed companies was 16.93 times as of end of September 2015 compared to the trailing price earning ratio of 17.31 times during last quarter. The Weighted average Price or book value remained the same at 4.6 times. Similarly, the trailing weighted average dividend yield remained at 3.1 per cent as was in the previous quarter. As for the bonds market segment there was a significant decrease in turnover during the quarter; Bonds trading turnover was 30bn/- on cost basis versus 75bn/- in the previous quarter. *(Daily News)*

THE Dar es Salaam Stock Exchange (DSE) has posted an impressive performance in September with three stocks emerging the most trade equities after controlling 96.82 per cent of the value. However, there is expectation of low equities performance in terms of turnover, volume and prices this month due to the general elections where by most of local and foreign investors are shifting their eyes to the events. According to Zan Securities Limited Weekly Wrap-Ups, the Tanzania Breweries Ltd (TBL), Tanzania Portland Cement Company (TPCC) and CRDB Bank Plc contributed 87.15 percent, 5.79 percent and 3.88 percent of the total turnover respectively. During the month under review, the Dar bourse recorded a total turnover of 127.91bn/- compared to 63.14 billion posted in August 2015. TBL, TPCC and CRDB TOL Gases Ltd (TOL) and National Microfinance Bank Plc (NMB) emerged as the lead gainer dominating the price movement within local listed companies to close off the month of September. TOL experienced a 20 or 2.67 percent increase per share, closing at 770/- per share. NMB experienced a 20/- or 0.71 percent increase per share, closing at 2,830/- per share. On the other hand, TWIGA, Swala and CRDB lead the losers by 410/- or 10.78 percent, 55/- or 9.90 percent and 35/- or 8.75 percent respectively. Key benchmark indices during September were in green territory with the Tanzania share index (TSI) that capped at 4,631.91 points to close high by 0.04 percent compared with 4,630.13 points posted a month earlier. All share index (DSEI) closed at 2,531.08 points high by 2.45 percent.

Industrial and Allied index sustained downward trend by 1.17 percent to close at 6,194.49 points. Banks, Finance and Investment index recorded a positive trend by 3.90 percent to close at 3,096.39 points. Commercial Services index capped at 3,974.18 points low by 1.15 percent during September. During the month, a number of companies issued dividends on six months results to June 2015 including Swissport 154.84/- per share, Tanga Cement Company Ltd 55/- per share and Tanzania Cigarette Company Ltd 300/- per share. The DSE Market capitalization increased by 2.46 percent to close at 22.16tri/- while, Domestic Market capitalization decreased by 0.03 percent to close at 9.81tri/-. *(Daily News)*

THE World Bank has said Tanzania is among countries in Africa which have posted robust economic growth despite weak global economic conditions. "Together with Ethiopia, Rwanda and Ivory Coast as well as Mozambique, these countries are expected to sustain the economic growth rate at around seven per cent or more in the next two years," said the World Bank's Acting Chief Economist Punam Chuhan-Pole. Last month, the International Monetary Fund (IMF) said Tanzania's recent macroeconomic developments have continued to be broadly favourable. Its mission under Hervé Joly, which visited Tanzania from September 17-30, 2015 said at the end of their mission that the economy was estimated to have grown by 6.5 per cent in the first quarter of 2015, with strong performance recorded in transport, electricity generation, and information, communication, and financial services. Economic growth is expected to remain close to seven per cent in the remainder of 2015 and in 2016, it said. Chuhan-Pole told a meeting via international video conferencing from Washington that global economic growth will slow to 3.7 percent this year, down from 4.6 percent in the last one year. "To withstand new shocks, governments in the region should improve the efficiency of public expenditures, such as prioritising key investments and strengthen tax administration." The IMF said in a statement that the east African nation's gross domestic product (GDP) was estimated to have grown by 6.5 percent in the first quarter of 2015, with strong performance recorded in transport, electricity generation, and information, communication, and financial services. "Economic growth is expected to remain close to seven percent in the remainder of 2015 and in 2016," said the statement issued in the commercial capital Dar es Salaam at the end of a two-week IMF mission to review the country's economic performance.

The statement said inflation rose gradually in the past few months to 6.4 percent in August 2015. "This was largely driven by supply side factors, particularly food prices, and the exchange rate depreciation in the first half of 2015, which raised the domestic cost of imports and partly offset the relief from the fall in global oil prices." Commenting, a senior economist from the University of Dar es Salaam Prof Humphrey Moshi said that it was good for the country to register such growth but would it would mean nothing if agriculture and manufacturing sectors do not grow. "It's the quality of growth that matters most. Real economic growth for Tanzania should be reflected from the agriculture and manufacturing sectors that have huge impact in terms of job creation and poverty alleviation," he said. "If mining, gas and oil grow faster than agriculture and industry sectors, the impact job creation and poverty reduction remain minimal because they are capital intensive," For the projections on economic growth to have impact on low-income earners, substantial investment should be channeled to the agriculture sector with a focus to enhance commercial farming and irrigation schemes. *(Daily News)*

DAR ES SALAAM Stock Exchange's mobile trading platform has been welcomed well as the numbers of users continue to climb daily. The platform launched some six weeks ago has attracted many investors since it went in use almost mid-August signifying a new trading trend at the bourse. DSE Chief Executive Officer Mr. Moremi Marwa said as at the end of third quarter, a month after the launch, some 700 investors used the mobile phones platform."We [DSE] envisage the increase in number of mobile trading platform as more people get to know the existence and operability of this technology," Mr. Marwa said. The bourse chief said in a third quarter CEO Note that the initiative enables investors to buy and sale listed shares using their mobile phones through Automated Trading and Central Securities Depository infrastructure. The infrastructure the first of its kind in the Africa was launched as planed during this year's third quarter. Mr. Marwa said the advent of the bourse mobile trading technology provides access to a wider and growing range of investment and savings instruments on the capital markets. "…and all from the comfort of your mobile phone," Mr. Marwa said. Mwalimu Commercial Bank used mobile platform to sell their share during primary offer thus attracted a number of investors.

"During this [fourth] quarter, we expect at least three listings: Mwalimu Commercial Bank, Mufindi Community Bank and Yetu Microfinance," Mr. Marwa said. Because of mobile platform, Mwalimu Bank managed to reach many in the rural areas to turn IPO table around as upcountry buyers' outpaced Dar es Salaam residents in buying shares. The IPO ended up oversubscribed by over 24 per cent. The bank wanted to raise 25bn/- as a capital to establish the bank but it received 31bn/-, thanks to mobile venue. *(Daily News)*

Tanzania's energy regulator lowered the maximum retail prices of petrol, diesel and kerosene on Thursday, citing lower international energy prices. The Energy and Water Utilities Regulatory Authority (EWURA) lowered the price of petrol by 3.12 percent, diesel by 0.2 percent and kerosene by 2.1 percent in its latest monthly price caps, which take effect immediately and will last for a month. Fuel prices are the second-biggest driver of inflation in Tanzania after food. "These movements are to a large extent attributed to changes in prices of petroleum products in the world market," the EWURA said in a statement. The EWURA cut the price of petrol in the commercial capital Dar es Salaam by 67 Tanzanian shillings to 2,086 shillings per litre, while lowering that of diesel by 4 shillings to 1,828 shillings per litre. Kerosene prices fell 37 shillings to 1,733 shillings per litre. (*Reuters)*

Tanzanian inflation eased to 6.1 percent in the year to September from 6.4 percent the previous month as a rise in food prices slowed, the statistics office said on Thursday. The National Bureau of Statistics (NBS) said inflation rose 0.1 percent month-on-month in September from 0.02 percent in August. "The decline of the inflation rate in the year to September was largely caused by the increased availability of food after the harvest season," said Ephraim Kwesigabo, a director at NBS. Food is the biggest driver of prices in the east African nation. The inflation rate for food and non-alcoholic beverages slowed to 9.6 percent in September 2015 from 10.2 percent in August, NBS said in a statement. (*Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Zambia

Corporate News

No Corporate News This Week

Economic News

Zambia's state power utility Zesco Ltd has applied to the regulator to allow it to more than double the cost of electricity for all customers except mining firms to attract investment into power generation, the company said on Monday. The cost of electricity for commercial users will increase from Nov. 1 to 0.88 kwacha per kilowatt hour (KWh) from 0.31 kwacha per Kwh should the firm get the go-ahead to raise tariffs, the company said in a statement. *(Reuters)*

Zambian Finance Minister Alexander Chikwanda is seeking to restore confidence in the economy to help reverse the world's worst currency, record borrowing costs and sliding growth. The two things that matter the most to the outlook are the copper price and power supply, which he has little control over. Chikwanda will present a budget on Friday that will give investors clues on how authorities plan to keep spending in check in the face of plunging copper revenue and the most severe power shortages on record. The government started the year with an estimate for the fiscal shortfall of 4.6 percent of gross domestic product, gradually raising that to 6.9 percent. Barclays Plc is projecting a deficit of 8.4 percent. "What will hurt fiscal consolidation is the growth impact of electricity shortages," Raza Agha, an economist at VTB Capital Plc in London, said in a note to clients. "Coupled with a contraction in the mining sector from lower copper production and international prices, power shortages have exacerbated investor concerns around headline growth."

After expanding an average of 7 percent annually over the past five years, the International Monetary Fund has cut its growth forecast for Zambia to 4.3 percent this year from 5.6 percent. The kwacha has dropped 45 percent against the dollar this year, the most of 155 currencies tracked by Bloomberg. A 22 percent plunge in copper prices in the past year has prompted Glencore Plc to suspend operations in Zambia and the Democratic Republic of Congo, Africa's biggest producers of the metal. Glencore owns more than 70 percent of Mopani Copper Mines, Zambia's biggest employer after the government. The company is in talks with the government and labor unions about cutting 3,800 of the 20,000 jobs at Mopani. An electricity crisis is compounding Zambia's problems. Water levels at Lake Kariba are less than 30 percent, reducing output from hydropower plants that supply most of Zambia's electricity. Moody's Investors Service cut the nation's credit rating on Sept. 25 to B2, five steps below investment grade, concerned that fiscal deficits will remain high at 5 percent to 7 percent in the next several years, adding to the government's debt burden. Zambia's debt-to-GDP ratio surged to more than 41 percent in 2015 from 20 percent in 2011, Moody's said.*(Bloomberg)*

Mining companies in Zambia have asked the government to set mineral royalties for both underground and open pit operations at 6 percent to mitigate the negative impact of falling copper prices on the industry, sources said. The government of Africa's No.2 copper producer in June cut mineral royalties for underground mines to 6 percent from 9 percent and those of open cast mines to 9 percent from 20 percent following an outcry by mining firms. An electricity shortage and weaker copper prices due to slower growth by top consumer China have put pressure on Zambia's mining industry, threatening output, jobs and economic growth in the southern African nation, and put its currency on the back foot against the dollar. The sources who attended a meeting of government officials, including finance minister Alexander Chikwanda, mining companies and labour unions on Wednesday said mining companies also asked the government to quickly pay them their Value Added Tax (VAT) refunds estimated at a total of $700 million. "The meeting went very well although there were no firm commitments from the government team on some of the demands from mining companies," the source said late on Wednesday.

Zambia's mines minister said on June 29 that the government had started paying VAT refunds to mining companies, aiming to put an end to a long running dispute in which mining companies were then owed about $600 million. A second source who also attended the meeting said mining firms demanded adequate supply of power at competitive prices and the government said it would do so by March next year. "The government team assured that electricity coming from new generation projects like the 300 megawatt Maamba thermal power station would be given to the mines as a priority," the source said. Zambia's power generation capacity stands at 2,200 MW, with the bulk produced from hydropower, but supply is often erratic. Global miner and commodities trader Glencore's Zambian unit Mopani Copper Mines (MCM) has said it plans to lay off more than 3,800 workers due to lower metal prices and high production costs. Chief government spokesman Chishimba Kambwili told reporters the government was committed to paying the VAT refunds owed to mining firms and had so far paid out 120 million kwacha. "It was resolved that the job losses in the mining companies must be kept at the barest minimum and that before any worker is retrenched, the mining companies must negotiate with the unions," Kambwili said late on Wednesday. Other foreign mining companies operating in Zambia include First Quantum Minerals, Barrick Gold Corp. and Vedanta Resources. *(Reuters)*

Zambia and Zimbabwe drew more water than they should have from the Kariba dam to generate electricity, draining the reservoir to 29 percent of its capacity in September, compared with 70 percent capacity last year, an engineering body said on Thursday. The Zambezi River Authority (ZRA) ordered utilities in the two countries to cut generation in March this year, but the rule was not immediately implemented, Engineering Institution of Zambia (EIZ) president Bernard Chiwala said at a media briefing. When the EIZ team visited Kariba North Bank power station on July 20, power generation was 760 MW instead of 500 MW prescribed by the regulator, Chiwala said. "Despite restrictions on water use, the power utilities continued to generate way above the revised threshold of 500 MW leading to a net draw down of the reservoir," Chiwala said. An electricity shortage and weaker copper prices have put pressure on Zambia's mining industry, threatening output, jobs and economic growth in the southern African nation.

Zambia's energy minister Christopher Yaluma said in September that due to below average rainfall during the 2014/2015 season, water inflow into the reservoir was not enough to meet power generation until the end of 2015. Zambia's power generation capacity stands at 2,200 MW, with the bulk produced from hydropower, but supply is often erratic. Zambian power companies and mining firms in August agreed to cut power supply to the mines by 30 percent due to a power deficit which rose to 985 MW in September from 560 MW in March. EIZ is an independent engineering group mandated by law to, among other things, investigate engineering emergencies and suggest remedial measures in the interest of the public. *(Reuters)*

Zimbabwe

Corporate News

A SOUTH Africa-based gold miner Sibanye Gold has bought Aquarius Platinum for $294 million, the two companies announced yesterday. Sibanye will offer $0,195 or R2,66 a share for Aquarius. "In the absence of a superior proposal and subject to an independent expert concluding that the transaction is fair and reasonable and in the best interests of Aquarius shareholders, the Aquarius board has resolved unanimously to recommend that Aquarius shareholders vote in favour of the transaction," Aquarius said in a statement. It said the transaction had been unanimously approved by the Sibanye board and was not subject to Sibanye shareholder approval. Aquarius also owns a stake in the Mimosa venture in Zimbabwe with Impala Platinum Holdings Ltd. The two have 50% apiece in the platinum miner. In a statement, Sibanye said: "Aquarius operations are efficiently managed, mechanised and low-cost operations that will consolidate Sibanye's position in the South African Platinum Group Metals (PGM) sector and also provide Sibanye with additional PGM operational experience.
"In addition, the transaction provides an entry point into Zimbabwe, which hosts the second largest platinum reserves in the world and represents significant, low cost optionality." Aquarius' primary assets are its stakes in the Kroondal and Mimosa mines and a retreatment facility, Platinum Mile. The Kroondal mine is one of the most cost-efficient underground platinum mines in South Africa with an average cost per tonne milled of R567 for the year ending June 30, 2015. Mimosa Mine is one of the most cost-efficient and safest PGM producers in Zimbabwe. Aquarius has a primary listing on the Australian Securities Exchange, a premium listing on the London Stock Exchange and a secondary listing on the Johannesburg Stock Exchange. Sibanye is the largest individual producer of gold in South Africa and is one of 10 largest gold producers globally.A SOUTH Africa-based gold miner Sibanye Gold has bought Aquarius Platinum for $294 million, the two companies announced yesterday.

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Delta Corporation on Tuesday said revenue fell six percent in the second quarter to September 30 as demand remained depressed, although lager volumes grew five percent after value brands offset weak premier product sales. In the six months, revenue fell eight percent after contrasting volume performances across its beverage mix for the second quarter. "Sparkling beverages are down 14 percent compared to the same quarter last year and down 15 percent for the six months. This is partly due to increased competition particularly from imported lower priced alternative offerings," said Delta. "The Maheu and dairy mix beverages recorded a growth of four percent for the quarter on the back of improved product supply and the expansion of flavours." Despite lager beer's quarterly growth, total volumes for the half-year fell two percent forcing the group to lower prices on September 30 to stimulate demand "with particular focus on core lager which remains in decline." The sorghum beer category, a profit driver in recent times, recorded a volume decline of 12 percent for both the quarter and the six months.

The company noted that there is a marked shift to its Chibuku Super offering which benefited from the additional production capacity from the Fairbridge Brewery in Bulawayo. "In the short term, there will be pressure on operating margins as we adopt strategies to address affordability and stimulate volume through price reductions and streamlining value chain costs. The benefits of these initiatives should start filtering through in the medium term," said Delta. *(Source)*

THE country's largest telecoms company, Econet Wireless, will lay off an unspecified number of workers as it grapples with declining revenues and the effect of taxes imposed over the past year. In a memo to staff dated October 2, 2015, signed by Econet's chief human resources officer Innocent Magaya, the company is offering to workers who accept to be retrenched shares in the listed telco. "The company intends to issue a retrenchment notice to the Retrenchment Board followed by negotiations directly with the affected employees and/or their representatives. The Company will be notifying the affected employees in due course," reads the staff memo. "The Company will award those employees who will accept the … retrenchment offer some shares in the company. "Although the offer for shares is not part of the retrenchment package, it is an incentive for speedy closure of the retrenchment process that will reward long service with the company.
"This award will only be available to those employees who have been identified for retrenchment, who voluntarily agree to abide by the process and timeframes outlined in the retrenchment process; and who do not institute any legal challenge against the Company. The award of shares will be done after the retrenchment process is completed." Econet said while it had instituted several cost-containment measures, including a 20 percent in salary cut, there was still need to pare down expenses. "To avert massive retrenchments, the Company implemented special measures in terms of Section 12D of the Labour Act. Employees agreed on a reduction in working hours of 20 percent with a consequent reduction in staff costs," Econet said. "These measures have helped avert massive retrenchments. However, a review of the company's structures has shown that there are some jobs that must still be lost, although at a much lower scale than would have been the case had the company failed to agree on the special measures with its employees."

Econet has cited the decline in revenue as a result of a five percent tax on airtime sales introduced last year, along with a 35 percent voice tariff cut imposed by the industry regulator at the beginning of 2015 as reasons why it has to cut costs, including staff expenses. The mobile network operator also bemoaned what it termed an uneven playing field in the telecommunications industry, which saw Econet being the only firm to pay $137,5 million in licence fees in 2013. Econet said it borrowed to raise the licence renewal fee and finance costs arising from the loan were eating into revenue. Further, state-owned mobile network operator NetOne and terrestrial TelOne "have been failing or reluctant to pay their interconnect obligations which has put a huge strain on the company's cash flows," Econet said. Labour law amendments passed in August set the equivalent of one month's salary for every two years served as the minimum severance package. In August, Econet chief executive Douglas Mboweni announced that the firm had saved up to $70 million through its various cost-cutting initiatives. He was at pains to stress that the 46 employees who left the company had not been retrenched, but "had other issues related to their contractual obligations." In the full year to February 2015, Econet's after-tax profit was $70,2 million, down from $119,4 million in 2014, while revenue, at $746,2 million, was nearly one percent lower than $752,7 million previously. *(New Zimbabwe)*

THE world's second largest brewer, SABMiller, has promptly rejected an improved takeover proposal from Anheuser-Busch InBev, saying its 68 billion-pound ($104 billion) valuation was "very substantially" under par. SABMiller controls 40 percent of Zimbabwe Stock Exchange -listed Delta Corporation. Refusal of the offer, made public on Wednesday after earlier proposals were refused privately, opens the door to a week of intense wrangling before an Oct. 14 deadline for a formal bid set by the UK takeover panel. The deal would be one of the biggest in corporate history, uniting the maker of Budweiser, Corona and Stella Artois beers with that of Peroni, Grolsch and Pilsner Urquell. The combined entity would make nearly a third of the world's beer. AB InBev realistically needs access to SAB's private financial data if it is to make an informed formal bid, but said that so far the board had not engaged meaningfully. A deadline extension can be granted if SABMiller asks for it, and AB InBev wants shareholders to lobby the company. "The deadline is approaching and we thought we should make it public," AB InBev CEO Carlos Brito said on a conference call. "Now it's up to the shareholders to have a look at it. If they think this is a good offer, they should act and encourage the board to engage." Brito said he was committed to a friendly deal, but did not rule out going hostile. "I don't want to go there now. I think there's too much to be gained in the next few days," he said.

Belgium-based AB InBev went public with its offer of 42.15 pounds in cash per SABMiller share, after the board rejected two prior approaches, at 38 and 40 pounds. The offer includes a discounted cash-and-share alternative designed only for SAB's two largest shareholders, Altria Group and BevCo. The discount aims to satisfy their desire to avoid huge taxes on cash gains and ensure all other shareholders accept cash, which would be financed with the help of a $70 billion debt package being lined up. Altria, the tobacco group which has 26.6 percent of SABMiller, said it supported the bid and would be prepared to opt for the share alternative. AB InBev said it lacked the support of BevCo, controlled by the Santo Domingo family of Colombia. Representatives for BevCo, which owns about 13 percent of SABMiller, could not be reached by Reuters. BevCo has two seats on the SABMiller board. SABMiller said its board, excluding the three members nominated by Altria, unanimously rejected the proposal. "It still very substantially undervalues SABMiller, its unique and unmatched footprint, and its standalone prospects," the UK-based company said in a statement.

SABMiller Chairman Jan du Plessis called his company "the crown jewel of the global brewing industry" and said AB InBev's proposals were designed to be unattractive to many shareholders. Lawyers not involved in the deal interpreted SAB's language as implying that it could want as much as 10 percent more than the proposed price, which amounts to a 44 percent premium to SAB's share price before news of AB InBev's approach was made public on Sept. 16. AB InBev's CEO called the price "full" and said SAB's board was "over-optimistic" about its standalone prospects, saying the company would need an almost 50 percent jump in operating earnings in U.S. dollars to make up the value he is offering and that would likely not happen for at least three or four years. The cash-and-share alternative, which is technically open to all shareholders, would give them 2.37 pounds per share plus 0.48 special unlisted AB InBev shares that are convertible into ordinary stock after a five-year lock-up period. Given that AB InBev intends to use this instrument to acquire the stakes of Altria and BevCo, which together own about 41 percent of the company, SABMiller said the implied price tag was only 40.21 pounds per share, or 65 billion pounds ($99.53 billion).
RBC Capital Markets analysts said the proposal appeared some way below a "knock-out" bid, and Bernstein Securities said a higher bid, and acceptance, was the most likely outcome. SABMiller shares closed up 0.3 percent at 37.24 pounds, while AB InBev closed up 0.6 percent in Brussels at 98.65 euros. Analysts have long seen this deal as the likely end-game for decades of industry consolidation, as the big four - AB InBev, SABMiller, Heineken and Carlsberg already brew over half the world's beer. It would add Africa and certain Latin American and Asian breweries to AB InBev's presence across the Americas. "We believe Africa in particular will be a key driver for the joint company in the future," Brito said. AB InBev also said it planned to establish a secondary share listing and regional headquarters in Johannesburg, where SABMiller has a secondary listing, which local investors have said they want retained. Public Investment Corp, a South African state-owned firm with a 3.4 percent stake in SABMiller, said the listing addressed one of its concerns and that it would wait for guidance from SABMiller's board. AB InBev, partly controlled by 3G Capital, a private equity fund run by a group of Brazilian investors, has a strong track record for takeovers, followed by keen cost-cutting, but Brito declined to say what potential synergies a SABMiller deal might realise. *(New Zimbabwe)*

Economic News

ZIMBABWE will this week seek buy-in from creditors on its strategy to clear its $1,8 billion debt to three preferred creditors at the World Bank/International Monetary Fund (IMF) meetings in Lima, Peru. The preferred creditors — IMF, World Bank (WB) and African Development Bank — enjoy first preference when clearing the arrears. Zimbabwe has been lobbying creditors to accept its proposals and Reserve Bank of Zimbabwe (RBZ) governor John Mangudya recently visited European capitals to explain the country's debt clearance strategy to individual countries ahead of this week's meeting. "We now go to Lima and the purpose is to build consensus and the meetings will be with both bilateral and multilateral institutions. The meeting was organised by multilateral institutions to discuss the strategy on the arrears clearance of Zimbabwe," he said. "The sequence after that is the outcome will help these financial institutions — African Development Bank, WB, IMF — when they go to the boards on decisions on Zimbabwe," Mangudya said. The meetings are held every year by the WB and IMF with the 188-member States where the president updates member countries on the financial situation of the institutions. The meetings are attended by central bank governors and alternate governors, who in most cases are Finance ministers.

Zimbabwe's debt to external and internal creditors is $8,4 billion as at June 30. Mangudya said once the country gets the nod to clear the arrears, Zimbabwe will be able to access long-term capital needed to reboot the economy. Currently, the country relies on short term capital which is unsustainable for long-term infrastructure and development projects. "Going forward, strong support at the Lima meeting, a successful completion of the Staff-Monitored Programme and a deepening of ongoing reform would set the stage for advancing the reengagement process with the IFIs and bilateral creditors," the IMF said in a recent statement. The IMF said it supported Zimbabwe and its pursuit towards arrears clearance and debt relief. "Staff will remain engaged with the authorities to monitor progress in the implementation of their economic programme, and will continue providing assistance in order to support Zimbabwe's capacity building efforts and its adjustment and ongoing reform process," the IMF said. *(News Day)*

THE consumer basket for a family of six has marginally decreased by 0,34% to $559,11 due to minimal decline of prices of goods in the basket in September, consumer watchdog Consumer Council of Zimbabwe (CCZ) has said. In a statement yesterday, CCZ said from the August 2015 figures, prices of other commodities which include bread, fresh milk and salt remained unchanged. CCZ statistics showed that the food basket decreased by 1,03% to $116,74 by September 2015 from $117,95 by August 2015. This was on the back of price decrease in detergents. During the month under review, the price decreases are as a result of quite a number of promotions that are being run by various supermarkets and these include Bon Marche's Live It Up Fiesta running from September 10 to November 26, TM's Bargain Bonanza Promotion running from August 1 to October 2 and Save Big and Win Promotion at Choppies. Fuel prices decreased from $ 1,33 to $ 1,15 hence causing a shake-up on the market. Shopping-inside-TM-Borrowdale. The survey is conducted twice during the first and last weeks of every month. The total cost of the food basket and the price of each commodity are arrived at by averaging prices gathered from retail outlets throughout the country. The cost of brown sugar went down by 11c from $1,75 to $1,64 while the price of tea leaves decreased by 67cents from $1,65 to $0,98.

Flour 2kg decreased by 10cents from $1,69 to $1,59, tomatoes decreased by 30c from 85c to 55c, onions by 5c from 85c to 80c, bathing soap by 4c from 49c to 45c, laundry bar by 9c from 99c to 90c and washing powder by 6c from $1,05 to 99c. "CCZ continues to encourage consumers to shop conscientiously and to always buy certified products. Where the products are not certified, to exercise their right to information by carefully examining if the products they are purchasing are well labelled, packaged and provided with vital information such as manufacturing and expiry dates and ingredients used in the make-up of the products," CCZ said. Official statistics showed that year-on-year inflation for the month of August stood at -2,77%, flat on the previous month, as deflationary pressures persist. The year-on-year food and non-alcoholic beverages inflation prone to transitory shocks stood at 3,59% while the non-food inflation rate was -2,38%. *(News Day)*

The International Monetary Fund (IMF) says Zimbabwe's 'strong commitment' to ongoing economic reforms and determination to resolving arrears with the international community could open up the country to financial support. The southern African country owes foreign creditors about $10 billion and will present and seek support for its strategy for arrears clearance on the sidelines of the annual meetings of the World Bank and the International Monetary Fund in Lima, Peru, next week. The IMF said strong support at the Lima meetings and a successful completion of the Staff Monitored Programme (SMP) — an informal agreement between a government and IMF staff to monitor the implementation of its economic reforms — coupled with a deepening of ongoing reforms would set the stage for advancing the reengagement process with the international financial institutions and bilateral creditors, which could pave way for new funding. "Further advancing the ongoing reforms and re-engaging with the international community could reopen Zimbabwe's access to financial support and lift the economic outlook," the IMF said in a statement late Friday. "Despite increasing economic and financial difficulties, the Zimbabwean authorities have demonstrated strong commitment to the programme by taking important steps to advance their macroeconomic and structural reforms." The IMF, whose team visited the country to assess progress under the SMP last month, said Harare had made significant progress in implementing reforms, particularly in the financial sector and labour market. "The authorities continue to see the SMP as a crucial tool in building a strong track record toward normalizing their relationship with creditors, mobilizing development partners' support, and for supporting macroeconomic policies and laying the foundation for addressing Zimbabwe's deep seated structural issues," said the IMF.

The country's economy remains in a precarious state with growth forecast having being halved to 1,5 percent following a devastating drought in addition to falling commodity prices, of which Zimbabwe is a primary exporter. Zimbabwe's economic fundamentals remain poor and growth has slowed, unemployment is rising and economic activity is increasingly shifting to the informal sector. "The external position remains precarious. In light of their arrears to creditors, low commodity prices, and an appreciating U.S. dollar, external inflows remain highly constrained, the levels of international reserves very low, and the country is in debt distress," said the IMF. Risks to the outlook stem mainly from fiscal challenges, weak global commodity prices, adverse weather conditions, and policy implementation in a difficult political environment, it added. The IMF said it will continue to support Zimbabwe's economic reforms and their pursuit towards arrears clearance and debt relief. *(Source)*

Zimbabwe plans to impose a 10 percent tax on foreign-owned firms to fund a black economic empowerment programme that is designed to bring the companies under local majority control, a minister was quoted as saying on Monday. Some of the companies that could be affected by the new tax include the world's top two platinum producers Anglo American Platinum and Impala Platinum Holdings, which both have operations in the southern African nation. Under Zimbabwe's Indigenisation and Economic Empowerment Act passed in 2008, the minister of youth and empowerment can, with the approval of the finance minister, levy a tax on any company to raise money to fund the black economic empowerment programme. Youth and Empowerment Minister Patrick Zhuwao told the government's Herald newspaper that he would propose a 10 percent levy on all foreign-owned firms that have not complied with the law, known locally as indigenisation. The money raised would fund mostly rural community trusts to invest in businesses, said Zhuwao, adding that the government expected to raise $93 million annually. "For us to be able to fund empowerment programmes in the long term, we are proposing the introduction of an empowerment levy and we are empowered by law to propose the levy," Zhuwawo was quoted as saying by the newspaper. Zhuwao, a nephew to President Robert Mugabe who was appointed to his job on Sept. 11, could not be reached to comment further. Efforts to introduce the levy in 2012 failed after then finance minister Tendai Biti, from the opposition Movement for Democratic Change party, refused to sanction its implementation. Zhuwawo's comments come more than a month after the previous empowerment minister said the government was relaxing the law in a bid to attract foreign investment. Zimbabwe's economy is expected to grow by 1.5 percent this year, half the government's initial forecast, after weak global commodity prices hit exports and a drought halved the staple maize crop harvest. *(Reuters)*

Capacity utilisation for the manufacturing sector is likely to be flat on last year's figure of 36,3% as the sector is beset by a host of challenges, the Confederation of Zimbabwe Industries (CZI) has said. Every year, CZI undertakes a survey of the production capacity of the country's manufacturing sector and its report is the most comprehensive private-sector led survey, which assesses industrial performance. This year's report will be launched on October 28. CZI president Busisa Moyo told delegates at a pre-2016 National Budget consultation organised by the Zimbabwe National Chamber of Commerce on Monday that the body was currently busy analysing findings of the survey. He said the findings showed that "business sentiment is lower than the previous years". "At the moment, we are finalising it but preliminary sort of flash results show that the performance in several sectors has gone down but in others it has gone up. So we are just waiting to see the empirical effects of that. However, as you know, our last report on capacity utilisation in the manufacturing sector was 36% and that was very low and we do not see that improving. We see it flat..," Moyo said. Moyo said companies were faced with a plethora of challenges such as the liquidity crunch, power outages, smuggling, increased foreign competition and low consumer demand. Capacity utilisation for the sector took off from 10% in 2008 to 30% in 2009, then 43,7% in 2010 and 57,2% in 2011. It declined to 44% in 2012 due to the low performance of the economy, further decelerating to 39,6% in 2013. The 2014 CZI report showed key challenges that affected industry included working capital constraints, power and water shortages and high costs, ageing equipment and machine breakdowns and low domestic demand. Analysts say the manufacturing survey report is a mirror image of the state of the economy. Meanwhile, CZI will today launch its Business Confidence Index which assesses the level of confidence in the industry and strength of the institutions. Moyo said the results were segmented by region and what is also included is a refined purchasing manager's index. *(News Day)*

Zimbabwe's trade deficit increased to $2,5 billion as at August 31, as the economy pulled in more imports with exports stagnant, the country's trade promotion body has said. In the period January to June, the trade deficit was $1,83 billion. Speaking at the Zimtrade Annual Exporters' Conference 2015 yesterday in Harare, ZimTrade chief executive officer Sithembile Pilime said there was need to address the administrative and regulatory challenges which continue to impede exports. "Achieving competitiveness requires the participation of every stakeholder, that is, government, industry associations and individual firms in the formulation and implementation of policy," Pilime said. "We remain passionate about the success of our exporters, success which would lead to reducing the massive trade deficit, which currently stands at $2,5 billion as at August 31, 2015." In his mid-term Fiscal Policy review, Finance minister Patrick Chinamasa projected the trade deficit to rise to $3,1 billion by year-end.

Pilime said major challenges still exist with respect to effective implementation of trade policies. "It is in response to the cries from exporters that we have decided to provide this platform for exchange of ideas in a quest to find lasting and mutually beneficial solutions," she said. "As the national trade development and promotion organisation, we continue to seek enhanced export competitiveness by enterprises in order to grow their export volumes and enhance the financial performance of our enterprises and, through them, the economy." Exports contributed about 60% of the country's foreign currency earnings followed by Diaspora remittances at 27% for the period 2009 to 2014. Between January and August 2015, exports were $1,46 billion, a decline of 2,6% compared to the same period in 2014. Pilime urged companies to take advantage of the various trade agreements that Zimbabwe is a signatory to such as Sadc, Comesa, the European Union as well as bilateral agreements. Pilime said the focus of ZimTrade's interventions in support of the exporting industry was to unpack the true benefits that might not be apparent to some stakeholders.*(News Day)*

Zimbabwe's finance minister said on Friday that the southern African nation would clear arrears of $1.86 billion owed to international creditors such as the International Monetary Fund by the end of next April. "The strategy that was presented by government entails clearing Zimbabwe's arrears ... through a combination of using the country's own resources, arrangement of bridge finance with regional and international banks and the usage of bilateral loans," Patrick Chinamasa said in a statement. *(Reuters)*

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